



**Public Employees Insurance Agency
For The
State Of West Virginia**



**Life And Accidental Death
& Dismemberment Insurance Services**

Request For Proposal

August 1, 2005

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Section I

General Information

Background

The PEIA was established under Article 16 of the W.Va. Code (<http://www.legis.state.wv.us>). Its mandate is "...to encourage and promote a uniform partnership relation between all employers and employees participating in the insurance plan or plans formulated under the provisions of this article and constituting the insurance program...". Employers are eligible to participate in this plan. In doing so they provide basic group life and accidental death and dismemberment (AD&D) insurance to an estimated 119,000 active and retiree members (*retiree members are not eligible for the accidental death and dismemberment benefit*) as well as optional and dependent group life and accidental death and dismemberment coverage to approximately 71,192 covered lives. The following employers are eligible to participate in the PEIA plan:

- State of West Virginia
- West Virginia Legislature
- West Virginia State colleges and universities
- County boards of education to include elected members of the boards of education
- Counties, cities, or towns
- Comprehensive community mental health centers and mental retardation centers authorized pursuant to section one, article two-a, chapter twenty-seven (27-2-1) of the W.Va. Code and which is supported in part by state, county or municipal funds, and
- Other individuals and government bodies specified in the W.Va. Code Chapter 5, Article 16.

Objectives

It is the PEIA's goal to procure proposals which comply with the minimum requirements outlined in this RFP from qualified vendors for its fully insured life insurance plans:

- Basic life insurance
- Basic accidental death and dismemberment
- Optional life insurance
- Optional accidental death and dismemberment
- Optional dependent life and AD&D insurance

Plan design illustrated in Exhibit A.

Section II

Bidding Instructions

Intent to Bid

After you've received and reviewed this Request for Proposal (RFP), reply *in writing* by August 17, 2005, with your intention to submit a proposal and your ability to administer the plan as outlined. Reply will be accepted in written (hard copy, e-mail or FAX) form and should be submitted to J.A. Haught as indicated below.

Proposal Submission

Proposals are due prior to 4:00 p.m. Eastern Daylight Time on October 4, 2005. Eight (8) hard copies of the completed proposal (*also include one (1) unbound original*) should be sent as indicated below. Proposers should allow sufficient time for mail delivery to ensure timely arrival. The PEIA cannot waive or excuse late receipt of a proposal that is delayed and late for any reason. Proposals and/or unsolicited amendments that are submitted after the stated time and date will be disqualified from the proposal process and returned to the sender unopened. Proposals submitted directly through a broker or agent will not be considered and multiple bids from the same vendor will constitute grounds for disqualification.

The proposal package along with the Affidavit of Debt and Litigation Bond (Exhibits F and G) is to be sent to the attention of J.A. Haught and is to be clearly marked "Confidential – Bid Enclosed":

J.A. Haught, CFO
Acting Co-Director and Chief Financial Officer
Public Employees Insurance Agency for the State of West Virginia
State Capitol Complex, Building 5, Room 1001
Charleston, WV 25305

Telephone: 304.558.6244 Ext. 242
Fax: 304.558.4969

E-mail: jhaught.wvadmin.gov

Note: The PEIA reserves the right to cancel or amend this RFP, to accept or reject any and all proposals, in whole or part, received in response to the RFP, to waive or permit cure of minor irregularities. If it becomes necessary to revise this RFP, amendments will be provided to all prospective proposers that were sent this RFP or otherwise are known by the PEIA to have obtained this RFP. Acknowledgement of the receipt of all amendments to this RFP must accompany the proposer's proposal.

Section II

Bidding Instructions

Questions

Questions regarding this RFP will be accepted in written (hard copy, e-mail or FAX) form until 4:00 p.m. Eastern Daylight Time on August 23, 2005, and must be addressed to:

J.A. Haught, CFO
Acting Co-Director and Chief Financial Officer
Public Employees Insurance Agency for the State of West Virginia
State Capitol Complex, Building 5, Room 1001
Charleston, WV 25305

Fax: 304.558.4969

E-mail: jhaught.wvadmin.gov

All verbal representations are to be considered unofficial responses and will not be binding. Only information issued in writing and added to the Request for Proposal specifications is binding. No questions of any kind will be accepted after the deadline. Questions regarded by the PEIA to be essential in responding to this RFP will be answered within four (4) business days of the question period deadline. Questions and answers will be provided to all competing vendors.

Compliance with Specifications

Your response to this RFP must address all items requesting information. Failure to respond to a requested item or failure to provide a thorough answer may subject your proposal to a lower ranking or disqualification. Answers such as “yes”, “no”, “we comply”, “see attached brochure” or the like are not acceptable answers. In addition, you are expected to duplicate the benefits and administrative arrangements requested here. If you are unable to meet all of these requirements, your proposal must clearly note each variation.

If your proposal describes services that are under development, the development process and projected implementation dates must be clearly described.

Section II

Bidding Instructions

Commissions

No commissions or finder's fee, or any combination thereof, shall be paid to any individual or agent; but this shall not preclude an underwriting insurance company or companies, at their own expense, from appointing a licensed resident agent, within the state, to service the companies' contracts.

Commissions reasonably related to actual service rendered for the agent or agents may be paid by the underwriting company or companies: *Provided, however*, that in no event shall payment be made to any agent or agents when no actual services are rendered or performed.

Please provide an explanation of any compensation paid to an agent or agents of the company and the services which that individual will be performing, if applicable to your proposal.

Lobbying

Proposer certifies that no federal appropriated funds have been paid or will be paid, by or on behalf of the company or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal entity, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

Proposers may not engage in attempting to influence the selection process via any unauthorized contact with any officer or employee of the State of West Virginia or other involved states or entities or any officer, employee or insured of West Virginia or the other states or entities. Violation of this clause shall disqualify the proposer from further consideration. Any lobbying activity to obtain the contract is grounds for disqualification.

Finalist Presentation and Vendor Selection

Finalists may be asked to make an on-site presentation of their proposal to the selection team and other parties as deemed appropriate by the PEIA. You will be notified of the time and place where the presentation will occur. The quality of your presentation may result in an increase/decrease of your overall score. The State will not be responsible for any costs incurred by a proposer in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

The PEIA also reserves the right, in its sole, discretion, to award a contract based upon the written proposals received without discussions or negotiations.

Section II

Bidding Instructions

Public Record

All documents submitted which are related to purchase orders/contracts are subject to West Virginia Freedom of Information statute (W. Va. Code §29B-1-1, et seq).

A proposer should give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trademark secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Freedom of Information Act of the Code of West Virginia (FOIA). Respondents are advised that, upon request for this information from a third party, the PEIA is required to make an independent determination whether the information should or should not be divulged to the party. The PEIA will provide notice to respondents if it has received such an information request. Respondents are put on notice, however, that absent a very clear reason that the materials are exempt from disclosure under the FOIA, PEIA will release the materials absent an order to the contrary from a court of competent jurisdiction.

Protest of Award

Protests based on the contract award must be submitted in writing to the Director of the West Virginia PEIA within fifteen (15) working days from the date of the award announcement. Protest should be sent to:

**Director
Public Employees Insurance Agency for the State of West Virginia
State Capitol Complex, Building 5, Room 1001
Charleston, WV 25305**

Protests may be submitted by FAX at (304) 558-4969.

All protests shall contain:

The name and address of the protesting proposer

A statement of the grounds of the protest

Supporting documentation (if available)

The resolution or relief sought

Failure to submit this information shall be grounds for rejection of the protest by the Director of PEIA.

The PEIA may refuse to review any protests when the matter involved is the subject of litigation before a court of competent jurisdiction; if the merits have previously been decided by a court of competent jurisdiction; or if it has been decided in a previous protest by the Director of PEIA. Subcontractors under a proposer's proposal do not have standing to file a protest.

The Director will respond to the protest within five (5) days of receipt of the written notice at the offices of the PEIA

Section II

Bidding Instructions

Proposers in disagreement with the response of the Director may ask for further review of the protest by the Cabinet Secretary of the West Virginia Department of Administration within five (5) days of the Director's response. The request for further review should be sent to:

**Robert W. Ferguson, Jr., Cabinet Secretary
West Virginia Department of Administration
State Capitol Complex, Building I, Room E-119
1900 Kanawha Boulevard, East
Charleston, WV 25305**

Appeals may be submitted by FAX at (304) 558-2999.

If the protesting company believes that due to the nature of the contract award an expedited determination is required, a request that the matter be directed immediately to the Department of Administration Cabinet Secretary should be in the original protest submitted to the Director of PEIA. If the Director is in agreement with the reasons for the expedited request, the Director will forward the protest to the Department of Administration Cabinet Secretary and inform the requesting proposer of his/her actions.

Decisions by the Department of Administration Cabinet Secretary shall be considered to be the final level of administrative relief. Any further appeal of the administrative decision of the Department of Administration Cabinet Secretary must be directed to the Circuit Court of Kanawha County, Charleston, West Virginia.

Proposer Responsibilities

The PEIA will negotiate a contractual agreement only with the selected proposer. The selected proposer shall be responsible for all products and services required by this RFP. Any subcontractor(s) must be identified and a complete description of their role(s) relative to the proposal must be included in your proposal's Executive Summary. Subcontractors will not be treated as bidders and will have no standing to challenge any contract award.

If an agreement cannot be negotiated, PEIA reserves the right to enter into negotiation with the second highest vendor.

Proposer must respond to all questions in the RFP in the order they are presented. All forms, certificates, etc., should also be presented in the order which they appear in the RFP.

Section III

Mandatory Requirements

The proposer is required to meet the intent of the mandatory specifications in order to be eligible for consideration and to continue in the evaluation process. Decisions regarding compliance with the intent of any mandatory specification shall be at the sole discretion of the PEIA. The following are considered to be mandatory requirements:

Affidavit of Debt (See page 10 and Exhibit F)

Litigation Bond (See page 10 and Exhibit G)

References

All client contacts referenced in the your proposal must be both available and willing to discuss their current relationship with your organization.

Minimum Company Rating:

STANDARD	RATING
Fitch	A-
Standard & Poor's	A
A.M. Best	A, A-
Moody's	A1, A2
Weiss Ratings, Inc.	B+

Bid Guarantee

All proposals must be guaranteed for an effective date of July 1, 2006. All service fees and premium should be guaranteed, at a minimum, through June 30, 2008. A guarantee through June 30, 2009 will be given special consideration, but is not required.

Performance Guarantees

The PEIA intends to implement a performance guarantee agreement with the life insurance plan administrator. Your proposal must include proposed performance standards and financial guarantees. At a minimum, the performance agreement must include standards for claims turnaround, employee satisfaction, payment dollar accuracy, coding accuracy, procedural accuracy, timeliness of reporting, and account management.

Section III

Mandatory Requirements

Proposer Registration

Proposers participating in this process should complete and file a *Vendor Registration and Disclosure Statement* (Form WV-1 and WV-1A respectively) (Exhibit K) and remit the registration fee. The proposer must register and pay the fee prior to the award of an actual contract.

Executive Order No. 19-01

By Executive Order of the Governor of the State of West Virginia on November 6, 2001, and still in effect, “life insurance benefits to those full-time public employees currently covered by the PEIA who are members of a reserve component of the United States Armed Forces including the West Virginia National Guard, and who are mobilized to active military duty by the President...” (Exhibit I). This provision must be part of your proposed benefit plan.

Implementation and Enrollment

The plans will become effective on July 1, 2006. The implementation process will begin in 90 days after award of contract. Implementation tasks will include extensive employee communications, on-site meetings, enrollment and election processing.

The successful proposer must be fully committed to a seamless and on-time installation process with sufficient staff available to assist in the open enrollment employee meetings to be held at various PEIA locations.

Actively-at-Work

The basic Life Insurance plan contains a waiver of premium provision for employees who become disabled prior to age sixty (60). This liability for these individuals will be maintained by the current carrier.

The optional Life Insurance plan contains a continuation of premium provision for employees who become disabled prior to age sixty (60) which will end when and if the existing contract is terminated.. Proposers will be required to waive the “actively-at-work” rule for existing members and their dependents currently covered under the plan.

Claims Submission

The PEIA will continue to utilize the telephone, postal service, e-mail and faxes to submit claims and resolve any claim related issues.

NOTE: To be a successful bidder, the company must have at least one active account with a minimum of 50,000 participants with life insurance benefits in excess of \$10,000,000.00.

Section IV

Mandatory Contractual Services Terms and Conditions

Affidavit of Debt

West Virginia State Code §5A-3-10a-(3)(d) requires that all proposers submit an affidavit of debt which certifies that there are no outstanding obligations or debts owed the State of West Virginia. The Debt Affidavit is attached to this request for proposal as an attachment and **must** be completed, signed and returned **with** your proposal. (Exhibit F).

Litigation Bond

Each proposer responding to this request for proposal **is required** to submit a litigation bond in the amount of 5% of the total contract amount, made payable to the West Virginia PEIA. This bond must be issued by a surety company licensed to do business in the State of West Virginia with the West Virginia Insurance Commission, on a form acceptable to the PEIA, and countersigned by a West Virginia Resident Agent. The only acceptable alternatives to the bond are (1) a company certified check (not an individual); (2) a cashier's check; or (3) the bidder's completion and submission of Exhibit G hereto.

The purpose of the litigation bond is to discourage unwarranted or frivolous law suits pertaining to the award of a contract from this request for proposal. Secondly, the bond provides a mechanism for the State of West Virginia, the Agency, its officers, employees, or agents thereof to recover damages, including (but not limited to) attorney fees, loss of revenue, loss of grants or portions thereof, penalties imposed by the federal government and travel expenses which may result from any such litigation. A claim against the bond will be made if the proposer contests the award in a court of competent jurisdiction and the grounds are found to be unwarranted or frivolous based on the facts of the award or applicable law as determined by the court. The bidder's completion of Exhibit G will be accepted in lieu of a bond or other security.

The bond or alternate form must remain in effect for two years from the proposal submission date. After six (6) months, each proposer may request, and the Agency anticipates granting, a release of the litigation bond. However, the proposer will be required to provide a release (signed and notarized in a form that is acceptable to the PEIA) prior to release of the bond which states that the proposer will not in any way challenge the award.

The PEIA may also establish a procedure for the waiver of the ability of the proposer to challenge the award in lieu of a bond.

Failure to submit an appropriate bond or alternative to the bond with the proposal at the time of proposal opening will result in automatic disqualification of the proposer's proposal and the proposal will be considered non-responsive.

Section IV

Mandatory Contractual Services Terms and Conditions

Mandatory Contract Terms

By submitting an offer in the response to this RFP, proposer, if selected for contract award, shall be deemed to have accepted all the terms of this RFP, including the mandatory contract terms which are included. The RFP and the proposer's winning proposal will be incorporated by reference in any resulting contract.

The terms of the contract negotiated as a result of the RFP must, by State law be consistent with the following:

- **Arbitration** Any references to arbitration contained in the agreement are unacceptable. Any claims against the PEIA under the agreement shall be presented to the West Virginia Court of Claims.
- **Hold Harmless** Any clause requiring the agency to indemnify or hold harmless any party is unacceptable.
- **Interest** Should the agreement include a provision for interest on late payments, the PEIA agrees to pay the maximum legal rate under West Virginia Law. All other references to interest or late charges are unacceptable.
- **Recoupment** Any language in the agreement waiving the PEIA's right to set-off, counterclaim, recoupment, or other defense is unacceptable.
- **Statute of Limitation** Any clauses limiting the time in which the PEIA may bring suit against the vendor, lessor, individual, or any other party are unacceptable.
- **Similar Services** Any provisions limiting the PEIA's right to obtain similar services or equipment in the event of default or non-funding during the term of the agreement are unacceptable.
- **Attorney Fees** The PEIA recognizes an obligation to pay attorney's fees or costs only when assessed by a court of competent jurisdiction. Any other provision is invalid and considered null and void.

Section IV

Mandatory Contractual Services Terms and Conditions

- **Limitation of Liability**

The PEIA, as a State entity, cannot agree to assume the potential liability of a vendor. Accordingly, any limiting the vendor's liability for direct damages or limiting the vendor's liability under a warranty to a certain dollar amount or to the amount of the agreement is unacceptable. In addition, any limitation is unacceptable to the extent that it precludes any action for injury to persons or for damages to personal property.
- **Termination Charges**

Any provision requiring the PEIA to pay a fixed amount or liquidated damages upon termination of the agreement is unacceptable. The PEIA may only agree to reimburse a vendor for actual costs incurred or losses sustained during the current fiscal year due to wrongful termination by the PEIA prior to the end of any current agreement term.
- **Renewal**

Any reference to automatic renewal is unacceptable. The agreement may be renewed only upon mutual written agreement of the parties.
- **Insurance**

Any provision requiring the PEIA to insure equipment or property of any kind and name the vendor as beneficiary or as an additional insured is unacceptable.
- **Right to Notice**

Any provision for repossession of equipment without notice is unacceptable.
- **Acceleration**

Any reference to acceleration of payments in the event of default or non-funding is unacceptable.

Indemnification

The proposer agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the proposer, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; (3) Any failure of the proposer, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

Section IV

Mandatory Contractual Services Terms and Conditions

Claims Responsibility

The new administrator will assume responsibility for all claims incurred on or after the effective date. The current administrator will be responsible for run-out claims.

Right to Audit

You must agree to the PEIA's right to audit life insurance and accidental death & dismemberment claim files, eligibility records, and/or financial accounting data. ***The PEIA will not be held responsible for costs incurred by the plan administrator in connection with these audits.***

Renewal Notification

Rate changes must be provided no later than the 120 days prior to a contract anniversary date.
Renewal accounting must disclose all claims experience, reserves, interest calculations and administration expenses.

Section V

Selection Criteria

Use the selection criteria presented here to assist your organization in preparing a proposal that thoroughly addresses the PEIA's needs and objectives.

The selected proposer will provide the following:

Financial efficiency: Fees are competitive with those provided by other vendors, although lowest cost is not the sole decision-making factor.

Account management: The account executive and service manager are highly experienced and responsive. Stability and consistency in these roles is important.

Implementation: Commitment to a smooth and on-time implementation process is demonstrated through a detailed implementation plan and timeline (*please make this as realistic and specific as possible*), experienced staffing, and appropriate performance guarantees.

Performance guarantees: Performance in the areas of claim payment accuracy, claim turnaround, customer service, and account management is guaranteed via financial incentives.

Customer service: Telephone representatives must be courteous, knowledgeable, and well trained.

Organizational stability: Annual financial reports or other documentation must demonstrate long-term financial stability.

Administration and reporting: A sophisticated and efficient administrative and claims system is utilized. Comprehensive and timely management reporting capabilities are provided.

Client references: Current and former customers provide positive references.

Location: Proximity to Charleston, West Virginia.

PSR Interest Rate: Rate must be competitive.

Section V

Selection Criteria

Evaluation Process: Proposals will be evaluated by a committee of three (3) or more individuals in accordance with the criteria stated. The Proposer who meets all the mandatory specifications, attains the final highest point score of all Proposers (possible 100 points maximum) shall be awarded the contract. The selection of the successful Proposer will be made by a consensus of the evaluation committee. The criteria and the assigned weight factors are as follows:

Evaluation Criteria: The following are the factors and point values:

Company Experience <i>History in the life insurance market, etc.</i>	20 Points Possible
Account Capability <i>Type and size of accounts, Customer satisfaction, etc.</i>	20 Points Possible
Company Financial Viability <i>Company industry ratings, assets vs. debts, etc.</i>	20 Points Possible
Overall Quality of Proposal	10 Points Possible
Cost	30 Points Possible

Total 100 Points Possible

Each cost proposal will be evaluated by use of the following formula:

Lowest price of all proposals

_____ X 30 = Price Score

Price of Proposal being evaluated

Minimum Acceptable Score: Proposers must score a minimum of 70% of the total technical points possible. For example, the minimum qualifying score based upon a total possible technical score of 70, would be 70% of 70 points, or a technical score of 49 points or greater. All Proposers not attaining the minimum acceptable score (MAS) shall be disqualified and removed from further consideration.

The PEIA will select the successful Proposer's proposal based on best value purchasing which is not necessarily the low cost Proposer. Cost is considered, but is not the sole determining factor for award. The PEIA reserves the right to accept or reject any or all of the proposal, in whole or in part, without prejudice if to do so is felt to be in the best interests of the PEIA.

Section V

Selection Criteria

Proposer's failure to provide complete and accurate information may be considered grounds for disqualification. The PEIA reserves the right, if necessary, to ask Proposers for additional information to clarify their proposals. Nothing may be added to alter the original proposal after the proposal opening.

Section VI

Questionnaire

Guidelines:

- Each question should be retyped in your proposal with the response immediately following. Bullet points, or questions within questions, should be considered and answered separately.
- Please contact Thomas J. Marchio for an email copy of this RFP.

Thomas J. Marchio, Policy Specialist
Public Employees Insurance Agency for the State of West Virginia
State Capitol Complex, Building 5, Room 1001
Charleston, WV 25305

Telephone: 304.558.6244 Ext. 256

Fax: 304.558.4969

E-mail: tmarchio.wvadmin.gov

- Your responses should be complete, yet succinct. Please avoid making references to pre-printed materials.
- Provide information in the requested formats. Clearly specify all of your assumptions.
- Responses should be based on current coverage, services, administrative systems and programs. Anticipated changes/enhancements should also be described, proposed effective dates should be clearly indicated.

Section VI Questionnaire

A. General Information

1. Describe the history, organization, and ownership of your company.
2. Provide the name, address, phone number, e-mail address, and fax number for the person to contact with questions regarding this proposal.
3. Provide the following information regarding the account service team that would be assigned to the PEIA:

Position	Name, Location, Phone No., Email	Years of Industry Experience	Years with Organization	Years in Current Position
Account Executive				
Customer Service Manager				
Claims Manager				
Implementation Coordinator				
Other (specify)				

Please note: One or more members of the proposed PEIA account team must be or have recently been members of one or more of the account teams for the client references being requested under item 13 of this section.

4. To what extent will your company's representatives be available to assist in the program, establishing administrative procedures and to explain claim submission processes and procedures to the PEIA representatives? The PEIA may require monthly face-to-face meetings the first year and quarterly meetings thereafter, will you be able to comply with this schedule?

Section VI Questionnaire

5. Provide the following information regarding functions to be performed for the PEIA:

Function	Centralized or Decentralized?	Office Location
Claims processing		
Customer services		
Underwriting services		
Eligibility services		
Banking services		
Contract drafting		

6. What services do you currently offer via the Internet e.g. claimant information, open enrollment? Please include the Internet address for all services provided. Are there any additional costs for these services?

7. The PEIA would be interested in your organization developing or customizing a web site for its life insurance plan. Is this plausible and if so would there be an additional cost to doing so?

8. Enclose copies of the following audited financial statements for the last three (3) years:

- Balance Sheet
- Income Statement
- Statement of Cash Flows
- Statement of Retained Earnings
- Annual Report

9. Provide your company's most recent rating by Fitch, Standard & Poor's, A.M. Best, Weiss Research and Moody's. Please indicate any change in rating that has occurred in the last 12 months and provide an explanation for that change.

Section VI Questionnaire

10. Provide a detailed implementation plan and timeline based upon a January 4, 2006 selection date and a July 1, 2006 effective date. Include the individuals involved and their experience. (The PEIA expects the vendor to take the initiative in this process and be responsible for its timely completion.)
11. Provide a sample life insurance contract. The PEIA will have final approval of the contract language to insure that wording is based on legal and statutory requirements of the PEIA. Exhibit A is provided to show a summary of current benefits.
12. Provide a copy of the following forms and documentation similar to the ones that will be used by the PEIA:
- Insurance applications
 - Evidence of insurability form
 - Certificates of insurance
 - Change form
 - Claims form
 - Other related forms
13. Provide the following client references for the three (3) largest group term life insurance contracts currently insured by your organization. At least one of these three references should have a minimum of 50,000 participants and at least one should generate an annual premium for life insurance benefits in excess of \$10,000,000:

Employer Name:	
Number of employees/group size	
Contact name and title	
Contact telephone number	
Program implementation date	
Product	
Estimated annual premium	

Section VI Questionnaire

14. List all life insurance contracts you have in force with other state agencies. Provide the following information for each:

Employer Name:	
Number of employees/group size	
Contact name and title	
Contact telephone number	
Program implementation date	
Product	
Estimated annual premium	

B. Claims Administration – General Information

1. What is the proposed claim office location for the PEIA, and how long has this office been in operation? Would you be willing to administer this plan from a West Virginia location?
2. What are the normal business hours (EST) for this office?
3. What is the number of staff and will staff working on the PEIA's account have responsibilities for any other accounts or will they be dedicated to the PEIA only? Will a claims supervisor be accessible to the PEIA's Life Insurance staff?
4. Describe hiring and training processes for all claim office staff, including processors, supervisors/team leaders, member services, and data entry operators.
5. What is the average productivity of the claim payers? Use a per payer per day basis. Is employee compensation tied directly to productivity?
6. How does the claim office handle periods of significantly increased workload?
7. Will you accept liability for claim processor negligence? Fraud?
8. Please describe how claims and customer service systems are linked.

Section VI

Questionnaire

C. Claims Administration – Customer Service

1. Describe the proposed customer service unit that would support the PEIA. What are its hours of operation? The PEIA requires that the customer service unit be available Monday through Friday between the hours of 8:00 am – 5:00 p.m. EST at a minimum. It is PEIA's desire to have expanded customer service hours. Is a toll-free customer services line provided?
2. Are customer service functions handled separately from claims payment functions? If so, are the customer service phones within the claims payment unit or part of a totally separate customer service unit? Do customer service representatives have access to the claim system?
3. How many customer service representatives would be assigned to the PEIA? Please describe their background and training.
4. What is your ratio of customer service representatives to enrolled members?
5. Can you provide customer service training for the PEIA's onsite customer service personnel?
6. Describe your tracking system for your customer service unit. What issues are raised most frequently? Is a monthly report available via the Internet or through another form of electronic transmission? Provide a sample report.
7. Does your organization survey participants regarding their satisfaction on an ongoing basis? If so, how often? Provide a copy of your most recent participant satisfaction survey results. Describe any action taken as a result of this survey.
8. After program start-up, what is the average delivery time for printed materials including enrollment forms and program descriptions?

D. Claims Administration – Claim System

1. What claim system software is utilized for life insurance claims? When was this system originally implemented?
2. Describe the claim system for life insurance and accidental death & dismemberment claims as appropriate:
 - a. Describe the workflow from the time a claim is received until it is paid.
 - b. Describe how reimbursements options are distributed. How long from date of receipt does it take to distribute a lump sum payment on a "clean" claim?
 - c. Interest should be credited from date of death to date of payment.
 - d. What security measures are in place to ensure that reimbursements are issued to the proper party?

Section VI Questionnaire

- e. How are pending claims handled? How often are follow-ups prompted? Who is responsible for the follow-up?
 - f. How long is individual claim history maintained on-line?
 - g. Describe any claim system changes planned for the next two years.
 - h. Describe back-up systems and disaster plans for the claims processing office and the computer center.
 - i. Describe the claim exception process.
3. Define disability for purposes of qualifying for waiver of premium benefits. Explain the waiver of premium approval process, time limits for the PEIA to submit the claim for eligibility, and turnaround time for waiver of premium approval.
 4. Provide the following statistics for the claim office that will handle the PEIA plan:

Performance Measure	2003	2004	2005 YTD	Target
Financial accuracy <i>(Dollars paid correctly divided by dollars paid)</i>				
Processing accuracy <i>(Number of claims processed with 100 percent accuracy divided by number of claims)</i>				
Payment accuracy				
Average turnaround time <i>(Period from the date a claim is received until the date the transaction is processed completely.)</i>				
Average customer service telephone response time				
Call abandonment rate				

If you utilize other administrative and financial accuracy benchmarks, please provide information.

5. Where are output items such as checks printed if produced and mailed?

Section VI

Questionnaire

E. Claims Administration – Quality Assurance

1. Describe internal audit procedures. What percentage of claims is audited? How are claims selected? Are audits conducted before or after claim payment?
2. Do you have dedicated internal audit staff?
3. Are audits performed on a pre- or post-disbursement basis?
4. On average, what percentage of all claims is audited?
5. What kind of quality assurance tools are in place for the telephone system? What kind of management reporting information is provided?

F. Management Information

1. Can you provide data to the PEIA in an electronic file using either Microsoft Access or Excel format? The PEIA would prefer to access those files either via the Internet or through another form of electronic transmission. Is this feasible?
2. It is mandatory that you have FTP site capability for data transfer.
3. Provide samples of standard claims and statistical reports. These should include monthly and cumulative policy year-to-date paid life, accidental death and dismemberment and dependent group life claims separately for basic and optional coverages, as well as separate status reports for waiver of premium claimants and reserve accumulations. Reports must be submitted within thirty (30) days of the end of each month.
4. Provide sample reports that are provided at policy year-end to support the financial accounting position along with a sample financial accounting statement.
5. Describe your ability to provide ad hoc reports.
6. What is the typical turnaround time for Ad hoc reports?
7. How many sub-groups can you accommodate?
8. Does your organization routinely interface with other third parties on behalf of your clients (e.g., data analysis vendors)? How is this handled?
9. Do you offer on-line claim inquiry? If so, please provide details. How do you protect claim records from unauthorized electronic inquiry?

Section VI

Questionnaire

G. Liability Protection Measures

1. What level of liability insurance does your company carry?
2. In the last three years, how many lawsuits have been filed against your company? Indicate the number of suits settled out of court and the number settled by a judge or jury. In approximately what percentage of the cases was the employer named in the suit?
3. Is your company subject to any disciplinary action, or under review by any insurance regulatory officials of any state? If yes, please provide details.
4. The proposer agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the proposer, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; (3) Any failure of the proposer, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

H. Performance Guarantees

1. Provide your suggested performance guarantees/risk sharing in the following areas:
 - a. Plan implementation
 - Overall satisfaction
 - All implementation tasks accurately completed 90 days after award of contract
 - b. Customer service
 - Telephone answering time
 - Telephone abandonment rate
 - c. Claim administration
 - Claim financial accuracy
 - Claim processing accuracy
 - Claim payment accuracy
 - Claim turnaround time
 - Problem resolution
 - d. Account management
 - e. Member satisfaction (via survey)

Section VI

Questionnaire

2. Are you willing to guarantee your performance on a PEIA-specific basis, or are performance measures based on book-of-business or departmental statistics?

Please detail any additional performance guarantees you are willing to implement for the PEIA.

I. Financial

1. Your proposal must reflect a firm quotation.
2. Are you willing to offer multiple year premium and insurance company fee rate guarantees? Provide details. Note: Insurance Company charges should be expressed as a percent of premium revenue collected.
3. Your proposal must offer a participating contract whereby PEIA is held liable for deficit operating results only to the extent that it has collected positive operating results from the relevant risk pool during the term of the contract? Can you agree with this arrangement?
4. You must provide final financial accounting statements in the required PEIA format within 120 days from the close of the plan year-end (e.g. no later than November 1st)? Can you agree with this arrangement?
5. You must comply with the reporting checklist and timelines illustrated on the report checklist template in Exhibit E? Can you comply with this arrangement?
6. Your firm must comply with the reporting formats using the financial reporting templates illustrated in Exhibit E? Can you comply with the reporting template formats?
7. Are you willing to abide by the financial statement definitions illustrated in Exhibit E?
8. Attached (Exhibit L) for your review is a sample contract. Note: In the event of a discrepancy between the Request for Proposal, or related communications, the contract language shall control.
9. Surplus operating results shall be deposited into a Premium Stabilization Account (PSR) maintained by you at the end of each reporting period from which PEIA may make withdrawals.
 - a. Please indicate the interest rate that you will pay in regard to cash balance held in the PSR account. This rate should be quoted in terms of the Wall Street Journal prime rate and monthly compounding is required.

Section VI

Questionnaire

- b. In the event of contract termination, when will dollars held in the unpaid claims reserve and PSR account be returned to the PEIA?
 - c. In the event of contract termination, your company must adjudicate and pay run out claims with dates of death through the contract termination for no additional fee? Do you agree to this term?
10. What degree of credibility would your company apply to the life claims experience of this account for rate increase protection purposes? Will you consider historical claims experience from the incumbent carrier to allow for 100% credibility? Please provide your credibility formula for basic and optional life.
11. For purposes of projecting renewal rate increases, is it your policy to include fluctuation margins and/or manual rate adjustments over and above the credibility of experience?
12. Would you be willing to submit to an audit of PEIA life insurance transactions?
13. Describe briefly the basis on which your company calculates incurred but not reported (IBNR) and claims payable claim reserves. Is the reserve a function of your book of business, or will the reserve be adjusted for actual PEIA claims experience lag?
14. You will be paid on a percent of premium collected basis. The single percentage quoted by you shall include all of your costs, taxes and profit allowance.
15. Certain policyholders will be granted a waiver of premium. Are you able to review our historical data and build this cost in your premium quotation?
16. No excess mortality of life insurance converted charge is allowable. Has this consideration be built in your fee?
17. You are to submit a fee expressed as a percent of net premium collected. No other amounts will be paid to the goods of services delivered under this agreement.
18. You will be responsible for developing the Life Insurance Summary Plan Description (SPD). The PEIA will have final approval of the language which should be written in a manner that is representative of its audience. You will be required to supply a minimum of 150,000 copies of the SPD the first year of the contract. In the second and subsequent years the Life Insurance SPD will be incorporated into a more comprehensive employee benefit SPD. What will your company contribute, on a per-copy basis to printing of this SPD?
19. Have you made any other rate assumptions in making this quotation? If so, please list them.
20. If this contract was renewed at a later date, and your company would again receive the contract award, how do you propose the resolution of any existing deficit for the prior contract?

Section VII

Fee Exhibits

Fee Quotations

- 1) The annual accounting for PEIA's life insurance plan is based on a fully (100%) participating contract. Your proposal must contain a similar funding arrangement.
- 2) Financial exhibits have been provided for completion. For your proposal to be considered, you must complete the exhibits based on the assumptions provided. Partial or incomplete financial submissions will not be considered. All indicated financial elements must be disclosed or a "not applicable" (N/A) inserted in the exhibit.
- 3) Rates should be established so that each age band within each line of coverage is financially self-sufficient. Financial independence should exist between employer paid basic life policies and employee pays all optional life coverages.
- 4) The statements of operations shall contain the following charges and credits against PEIA life insurance premiums collected during the period:
 - a) Life Insurance Claims Paid during the period Charge
 - b) Beginning of Period Unpaid Claims Estimate Credit
 - c) End of Period Unpaid Claims Estimate Charge

Claims paid shall only include the amount of checks written to beneficiaries during the period. The unpaid claims estimate should include all claims in hand but not yet paid plus an allowance for IBNR death claims. Explain how your firm will calculate the IBNR.

5. You must provide to PEIA the reports set out in the attached Exhibit E within the time frame frequency illustrated therein. You will pay to PEIA a penalty of one thousand dollars (\$1,000.00) per each month or a part of each month that any of the reports are delivered late. This penalty will apply to each report separately.
6. In no event shall any part of any risk pool deficit which may arise during the term of the agreement become the financial responsibility of PEIA beyond those amounts which have been transferred to the related risk pool PSR. Said risk shall be borne by the bidder.
7. The PEIA will be responsible for paying all claims incurred prior to 12:00 am on July 1, 2006.
8. Your proposal should include the cost of all normal claim processing services. Including the following:
 - a. Administrative materials such as the contract, plan documents, booklets, insurance applications, change forms, claim forms and any other related forms
 - b. Management, financial, and performance reports

Section VII

Fee Exhibits

- c. Toll-free telephone line for employees and the PEIA Customer Service staff
 - d. Dedicated claim and service units, if applicable
 - e. An administrative manual that documents material pertinent to successful administration of the program, and
 - f. All other services needed to administer the program described in these specifications.
 - g. Any life insurance conversion charge.
9. The following is a breakdown of the PEIA's current account structure. Indicate how many subgroups are included in your basic cost.
- a. State Agencies
 - Active basic life
 - Active optional life
 - Waivers
 - b. Boards of Education
 - Active basic life
 - Active optional life
 - Waivers
 - c. Colleges and Universities
 - Active basic life
 - Active optional life
 - Waivers
 - d. Retirees
 - Less than 65 – basic life
 - Less than 65 – optional life
 - 65 & over – basic life
 - 65 & over – optional life
 - e. Non-State Agencies
 - Active basic life
 - Active optional life
 - Waivers

Section VII

Fee Exhibits

10. W.Va. Code Chapter 5, Article 16 allows the PEIA to expand coverage to:

- Any separate corporation or instrumentality established by one or more counties, cities or towns, as permitted by law;
- Any corporation or instrumentality supported in most part by counties, cities or towns; and
- Any public corporation charged by law with the performance of a governmental function and whose jurisdiction is coextensive with one or more counties, cities, or towns.
- Would you be willing to provide expanded coverage?

Exhibit A

Benefit Summary and Eligibility Provisions

Plan Design and Eligibility Provisions

The outline that follows summarizes the key benefit and eligibility provisions for the basic group life insurance, accidental death and dismemberment, optional life insurance, and dependent life insurance and accidental death and dismemberment program.

In addition to the current plan design the Public Employees State Insurance agency is asking all proposers to provide both tobacco free and tobacco user rates for a proposed employee and dependent optional life insurance plan Exhibit D.

Exhibit A

Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT BASIC TERM LIFE INSURANCE PLAN		
Eligibility	<p>A regular full-time active employee of:</p> <ul style="list-style-type: none"> • State of West Virginia • West Virginia Legislature • West Virginia State colleges and universities • County boards of education to include elected members of the boards of education • Counties, cities, or towns • Comprehensive community mental health centers and mental retardation centers authorized pursuant to section one, article two-a, chapter twenty-seven (27-2-1) of the W.Va. Code and which is supported in part by state, county or municipal funds, or • Other individuals and government bodies specified in the W.Va. Code Chapter 5, Article 16 <p>And in a permanent position that is considered full-time by the participating entity and that requires services to be performed at least twenty (20) hours per week, unless otherwise exempt under W.Va. Code.</p>	
	<p>Retired employees who meet the minimum eligibility requirements of the applicable state retirement system and are enrolled in the month of or the two (2) months following their date of retirement.</p>	
Effective Date	The first day of the calendar month next following the date the participant enrolls.	
Benefit Schedule <ul style="list-style-type: none"> • Active employees 	<u>Age</u> <65 65 < 70 ≥ 70	<u>Coverage Level</u> \$10,000 6,500 5,000

Exhibit A

Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT BASIC TERM LIFE INSURANCE PLAN (continued)		
Benefit Schedule (continued) <ul style="list-style-type: none"> Retirees 	<u>Age</u> <67	<u>Coverage Level</u> \$5,000
	≥ 67	2,500
<ul style="list-style-type: none"> Employees disabled prior to age 60 	<u>Age</u> <65	<u>Coverage Level</u> \$10,000
	65 < 70	5,000
	≥ 70	2,500
Waiver of Premium	Yes	
Reduction Schedule	Any reduction in the amount of insurance due to the employee reaching an age or due to the employee's retirement will become effective on the first day of the calendar month coinciding with or next following the appropriate anniversary of the employee's date of birth or the date of retirement.	
Conversion	Yes	
Accelerated Death Benefit	Yes	
Contribution	100% Employer paid	

Exhibit A

Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT BASIC AD&D PLAN		
Eligibility	<p>A regular full-time active employee of:</p> <ul style="list-style-type: none"> • State of West Virginia • West Virginia Legislature • West Virginia State colleges and universities • County boards of education to include elected members of the boards of education • Counties, cities, or towns • Comprehensive community mental health centers and mental retardation centers authorized pursuant to section one, article two-a, chapter twenty-seven (27-2-1) of the W.Va. Code and which is supported in part by state, county or municipal funds, or • Other individuals and government bodies specified in the W.Va. Code Chapter 5, Article 16 <p>And in a permanent position that is considered full-time by the participating entity and that requires services to be performed at least twenty (20) hours per week, unless otherwise exempt under W.Va. Code.</p>	
Effective Date	The first day of the calendar month next following the date the participant enrolls.	
Benefit Schedule <u>Active employees only</u>	<u>Age</u> <65 65 < 70 ≥ 70	<u>Coverage Level</u> \$10,000 6,500 5,000

Exhibit A
Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT BASIC AD&D PLAN (continued)	
Reduction Schedule	Any reduction in the amount of principal sum due to the employee attaining an age will become effective on the first day of the calendar month coinciding with or next following the employee's birthday.
Contribution	100% Employer paid

Exhibit A

Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT EMPLOYEE OPTIONAL LIFE PLAN			
Eligibility	Same as Basic Life Insurance Plan		
Effective Date	Same as Basic Life Insurance Plan		
Benefit Schedule	<u>Under Age 65*</u>	<u>65 to <70*</u>	<u>Age 70+ *</u>
• Active employees			
	\$ 5,000	\$ 3,250	\$ 2,500
	10,000	6,500	4,500
	20,000	13,000	9,000
	30,000	19,500	13,500
	40,000	26,000	118,000
	50,000	32,500	22,500
	60,000	39,000	27,000
	75,000	48,750	33,750
	80,000	52,000	36,000
	100,000	65,000	45,000
	150,000	97,500	67,500
	200,000	130,000	90,000
	250,000	162,500	112,500
	300,000	195,000	135,000
	350,000	227,500	157,500
	400,000	260,000	180,000
	450,000	292,500	202,500
	500,000	325,000	225,000
• Retirees	<u>Under Age 65*</u>	<u>65 to <70*</u>	<u>Age 70+ *</u>
	\$ 5,000	\$ 3,250	\$ 2,500
	10,000	6,500	5,000
	15,000	9,750	7,500
	20,000	13,000	10,000
	30,000	19,500	15,000
	40,000	26,000	20,000
	50,000	32,500	25,000
	75,000	48,750	37,500
	100,000	65,000	50,000
	150,000	97,500	75,000
As of September 1			

Exhibit A

Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT EMPLOYEE OPTIONAL LIFE PLAN			
Eligibility	Same as Basic Life Insurance Plan		
Effective Date	Same as Basic Life Insurance Plan		
Benefit Schedule <ul style="list-style-type: none"> <u>Active employees only</u> 	<u>Under Age 65</u> \$ 5,000 10,000 20,000 30,000 40,000 50,000 60,000 75,000 80,000 100,000 150,000 200,000 250,000 300,000 350,000 400,000 450,000 500,000	<u>65 to <70</u> \$ 3,250 6,500 13,000 19,500 26,000 32,500 39,000 48,750 52,000 65,000 97,500 130,000 162,500 195,000 227,500 260,000 292,500 325,000	<u>Age 70+</u> \$ 2,250 4,500 9,000 13,500 18,000 22,500 27,000 33,750 36,000 45,000 67,500 90,000 112,500 135,000 157,500 180,000 202,500 225,000
Reduction Schedule	Any reduction in the amount of insurance due to the employee reaching an age will become effective on September 1 of each year.		
Contribution	100% Employee paid		

Note: Optional Life AD&D benefits available to ACTIVE EMPLOYEES ONLY

Exhibit A
Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT EMPLOYEE OPTIONAL LIFE PLAN (continued)	
Evidence of Insurability	<p>Evidence of insurability for active employees is required for amounts in excess of the guaranteed issue and increases elected after the initial election period.</p> <p>Retirees can increase their coverage through the evidence of insurability process only during their initial enrollment. Coverage cannot be increased after the initial enrollment period.</p>
Reduction Schedule	<p>Any reduction in the amount of insurance due to the employee reaching an age will become effective on September 1 of each year.</p>
Conversion	Yes
Accelerated Death Benefit	Yes
Contribution	100% Employee paid

Exhibit A

Benefit Summary and Eligibility Provisions

SUMMARY OF CURRENT DEPENDENT LIFE INSURANCE PLAN		
Eligibility	<p>Spouse and dependent unmarried children (ages 0 – 19, 25 if a full-time student) of active employees and retirees.</p> <p>Where husband and wife are both covered under the plan as employees, both may elect to cover each other and any children.</p>	
Waiting Period	<p>The date the employee/retiree becomes effective if there are eligible dependents at that time or the first day the employee acquires an eligible dependent, if they are already eligible.</p>	
Benefit Schedule	<p style="text-align: center;"><u>Spouse</u></p> <p style="text-align: center;">\$ 5,000</p> <p style="text-align: center;">10,000</p> <p style="text-align: center;">15,000</p> <p style="text-align: center;">20,000</p>	<p style="text-align: center;"><u>Child</u></p> <p style="text-align: center;">\$2,000</p> <p style="text-align: center;">4,000</p> <p style="text-align: center;">7,000</p> <p style="text-align: center;">10,000</p>
Evidence of Insurability	<p>Evidence of insurability for dependents is required if dependents are not enrolled in the month of or the two (2) months following the qualifying event.</p> <p>Evidence of insurability for dependents of active employees is required for increases after the initial election period.</p> <p>Evidence of insurability for dependents of retirees is required for the higher option. Increases are not permitted after the retiree's initial election period.</p>	
Conversion	Yes	
Contribution	100% Employee paid	

Note: Optional AD&D benefits available to ACTIVE EMPLOYEES ONLY

Exhibit A
Benefit Summary and Eligibility Provisions

SUMMARY OF PROPOSED DEPENDENT AD&D PLAN		
Benefit Schedule	<u>Spouse</u>	<u>Child</u>
	\$ 5,000	\$ 2,000
	\$10,000	\$ 4,000
	\$15,000	\$ 7,000
	\$20,000	\$10,000
Contribution	100% Employee paid	

Note: Dependent AD&D benefits available to active employees ONLY.

Exhibit A
Benefit Summary and Eligibility Provisions

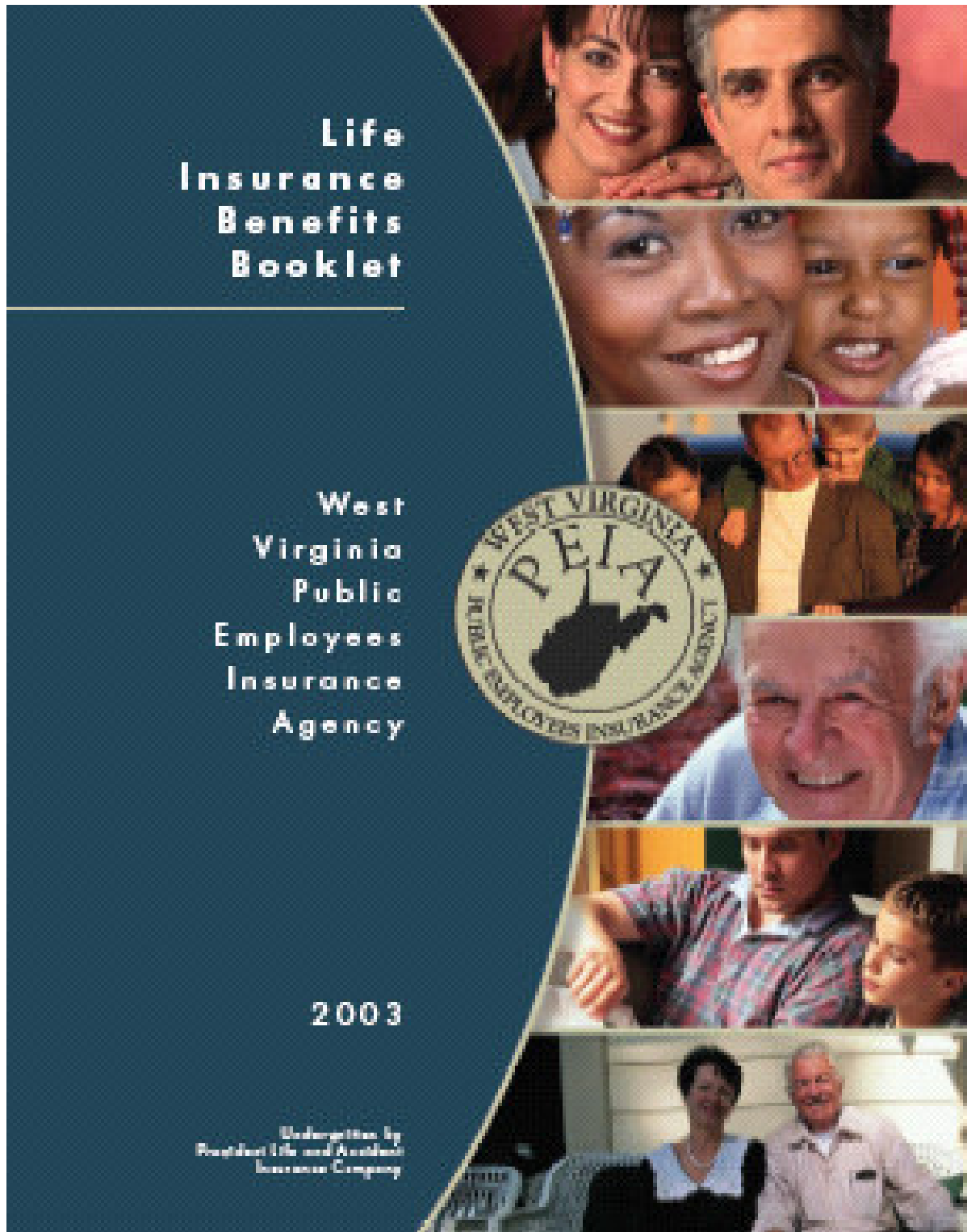


Exhibit A
Benefit Summary and Eligibility Provisions



Group Life Insurance Benefit

**West Virginia Public
Employees Insurance Agency**

Policy No. P-311

Underwritten by: Provident Life and Accident Insurance Company

2/2004

Exhibit A
Benefit Summary and Eligibility Provisions

TABLE OF CONTENTS

SECTION I	SCHEDULE OF BENEFITS
SECTION II	ELIGIBILITY, EFFECTIVE DATE AND TERMINATION OF COVERAGE
SECTION III	COVERAGE PROVISIONS

Exhibit A

Benefit Summary and Eligibility Provisions

CERTIFICATE

PROVIDENT
LIFE AND ACCIDENT
INSURANCE COMPANY

Chattanooga, Tennessee
(herein called the Provident)

Certifies that it has issued Group Policy No. P-311
(herein called the Plan) to

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
(herein called the Policyholder).

The Plan provides the benefits described on the following pages for certain Employees covered under the Plan. This booklet gives the principal provisions of the Plan. The Plan alone constitutes the entire contract between the Provident and the Policyholder.

Employees become covered under the Plan as provided on a following page. This booklet becomes the Employee's certificate of coverage while covered under the Plan.

The benefits and provisions described on the following pages are subject in all respects to the terms and conditions of the Plan.



**PRESIDENT AND
CHIEF EXECUTIVE OFFICER**

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Basic Life Insurance

Payable to beneficiary in the event
of death from any cause..... See Schedule Below

The Employee may be required to contribute toward the cost of the Basic Life Insurance.

Schedule of Basic Life Insurance

Active Employees

Under Age <u>65</u>	Age 65 But <u>Under Age 70</u>	Age 70 <u>or Over</u>
\$10,000.00	\$6,500.00	\$5,000.00

Retired Employees

Under Age <u>67</u>	Age 67 <u>or Over</u>
\$5,000	\$2,500

Disabled Employees (Disabled Prior to Age 60)

Under Age <u>65</u>	Age 65 But <u>Under Age 70</u>	Age 70 <u>or Over</u>
\$10,000.00	\$5,000.00	\$2,500.00

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Basic Life Insurance (Continued)

Any reduction in the amount of insurance due to the Employee reaching an age or due to the Employee's retirement will become effective on the first day of the calendar month coinciding with or next following the appropriate anniversary of the Employee's date of birth or the date of retirement. (Example: An Active Employee who turns age 65 on January 1st will have his/her reduction become effective on January 1st. An Active Employee who turns age 65 on any other day in January will have his/her reduction become effective on February 1st).

Basic Accidental Death and Dismemberment Insurance

This coverage is only available to Active Employees.

The Principal Sum is payable for loss of life or loss of more than one member, i.e. hand, foot or eye.

One-half the Principal Sum is payable for loss of one member.

Principal Sum See Schedule Below

Schedule of Basic Accidental Death and Dismemberment Insurance

Active Employees

Under Age <u>65</u>	Age 65 But <u>Under Age 70</u>	Age 70 <u>or Over</u>
\$10,000.00	\$6,500.00	\$5,000.00

Any reduction in the amount of Principal Sum due to the Employee attaining an age will become effective on the first day of the calendar month coinciding with or next following the Employee's birthday.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Optional Life Insurance

Active Employees

Active Employees may elect one of the following options of Optional Life Insurance. If elected, the Active Employee pays the cost of this insurance.

Payable to beneficiary in the event of death from any cause..... See Schedule Below

Option Number	Schedule of Life Insurance		
	Under Age 65*	Age 65 But Under Age 70*	Age 70 or Over*
1	\$ 5,000	\$ 3,250	\$ 2,250
2	10,000	6,500	4,500
3	20,000	13,000	9,000
4	30,000	19,500	13,500
5	40,000	26,000	18,000
6	50,000	32,500	22,500
7	60,000	39,000	27,000
8	75,000	48,750	33,750
9	80,000	52,000	36,000
10	100,000	65,000	45,000
11	150,000	97,500	67,500
12	200,000	130,000	90,000
13	250,000	162,500	112,500
14	300,000	195,000	135,000
15	350,000	227,500	157,500
16	400,000	260,000	180,000
17	450,000	292,500	202,500
18	500,000	325,000	225,000

* As of September 1st

The Employee must provide evidence of insurability for any amount of Optional Life Insurance which is in excess of \$100,000.00. The Employee will also be required to provide evidence of insurability for any amount of insurance in the event the Employee elects to increase his/her amount of insurance after the initial election. You provide evidence of insurability by completing and submitting a medical information form. This form is available from your benefit coordinator.

Any amount of "Life Insurance Subject to Evidence of Insurability" will become effective only upon acceptance by the Provident of evidence of insurability as provided on page 16.

Any reduction in your insurance amount due to age and/or any increase in your premium due to age will be determined by your age as of September 1 each year. (Example: If an active Employee with Option I (\$5,000) turns age 65 on December 20, 2002, then his/her insurance amount will be reduced and his/her premium will be increased on September 1, 2003.)

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Optional Accidental Death and Dismemberment Insurance

Active Employees

If you elect an amount of Optional Life Insurance, you will automatically be insured for an equal amount of Optional Accidental Death and Dismemberment Insurance (AD&D.) Your premium for Optional AD&D is included in your premium for Optional Life Insurance.

This coverage is only available to Active Employees.

The Principal Sum is payable for loss of life or loss of more than one member. One-half the Principal Sum is payable for loss of one member.

Principal Sum See Schedule Below

Option Number	Schedule of AD&D (Principal Sum)		
	Under Age 65*	Age 65 But Under Age 70*	Age 70 or Over*
1	\$ 5,000	\$ 3,250	\$ 2,250
2	10,000	6,500	4,500
3	20,000	13,000	9,000
4	30,000	19,500	13,500
5	40,000	26,000	18,000
6	50,000	32,500	22,500
7	60,000	39,000	27,000
8	75,000	48,750	33,750
9	80,000	52,000	36,000
10	100,000	65,000	45,000
11	150,000	97,500	67,500
12	200,000	130,000	90,000
13	250,000	162,500	112,500
14	300,000	195,000	135,000
15	350,000	227,500	157,500
16	400,000	260,000	180,000
17	450,000	292,500	202,500
18	500,000	325,000	225,000

*As of September 1

Any reduction in your amount of Principal Sum due to age will be determined as of September 1 of each year.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Optional Life Insurance (Continued)

Retired Employees may elect one of the following options of Optional Life Insurance. If elected, the Retired Employee must pay the cost of this insurance.

Payable to your beneficiary in the event of death from any cause.....See Schedule Below

Option Number	Schedule of Life Insurance		
	Under Age 65*	Age 65 But Under Age 70*	Age 70 or Over*
1	\$ 5,000	\$ 3,250	\$ 2,500
2	10,000	6,500	5,000
3	15,000	9,750	7,500
4	20,000	13,000	10,000
5	30,000	19,500	15,000
6	40,000	26,000	20,000
7	50,000	32,500	25,000
8	75,000	48,750	37,500
<u>Retired Employees (retired on or after January 1, 2003)</u>			
9	100,000	65,000	50,000
10	150,000	97,500	75,000

*As of September 1

Retired Employees who were insured under the plan of insurance in effect immediately prior to the effective date of this Plan will be permitted to increase their amount of Optional Life Insurance during the initial enrollment period by providing evidence of insurability for any increase.

Any amount of "Life Insurance Subject To Evidence of Insurability" will become effective only upon acceptance by the Provident of evidence of insurability as provided on page 16.

After the initial enrollment period, Retired Employees will not be permitted to elect an increase in their amount of Optional Life Insurance.

Any reduction in your insurance amount due to age and/or any increase in your premium due to age will be determined by your age as of September 1 each year. (Example: If a retired Employee with Option I (\$5,000) turns age 65 on December 20, 2002, then his/her insurance amount will be reduced and his/her premium will be increased on September 1, 2003.)

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Optional Dependent Life Insurance

Active and Retired Employees may elect one of the following options of Dependent Life Insurance for their Dependents. If elected, the Employee must pay the cost of this insurance.

The Dependent Life Insurance is payable in the event of death of a Dependent from any cause.

Dependent Life Insurance See Schedule Below

Option Number	Schedule of Dependent Life Insurance	
	<u>Spouse</u>	<u>Child</u>

	<u>Spouse</u>	<u>Child</u>
1	\$ 5,000	\$2,000
2	\$10,000	\$4,000
3	\$15,000	\$7,000
4	\$20,000	\$10,000

If a Retired Employee elects Option 2, 3 or 4, the Retired Employee must provide evidence of insurability for each Dependent to be insured. The Dependent Life Insurance for any such Dependent will become effective only upon acceptance by the Provident of evidence of insurability as provided on page 16.

Retired employees may elect Dependent Life Insurance only during the month of or the 2 calendar months following their date of retirement. After this time, no initial elections or increases will be permitted.

Active Employees who wish to elect or increase the Dependent Life Insurance after the initial enrollment period must provide evidence of insurability satisfactory to Provident for each Dependent to be insured. The Dependent Life Insurance for any such Dependent will become effective only upon acceptance by Provident of satisfactory evidence of insurability.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Optional Dependent Accidental Death and Dismemberment Insurance

Active Employees who elect Optional Dependent Life Insurance will automatically receive a like amount of Dependent Accidental Death and Dismemberment Insurance for their Dependents. Your premium for Optional Dependent AD&D is included in your premium for Optional Dependent Life Insurance.

The Principal Sum is payable for loss of life or loss of more than one member. One-half the Principal Sum is payable for loss of one member.

Principal Sum See Schedule Below

Option Number	Schedule of Dependent AD&D (Principal Sum)	
	<u>Spouse</u>	<u>Child</u>

	<u>Spouse</u>	<u>Child</u>
1	\$ 5,000	\$2,000
2	\$10,000	\$4,000
3	\$15,000	\$7,000
4	\$20,000	\$10,000

Retired Employees are not eligible to elect Optional Dependent Accidental Death and Dismemberment Insurance.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION 1 – SCHEDULE OF BENEFITS

Benefits For Employees

Provisions Applicable To All Coverage

Any representations or statements made to the Employee by the Policyholder, its representative or agent, about being covered for benefits under this Plan, which disagree with the provisions of the Plan shall:

- (a) not be considered as representations or statements made by, or on behalf of, the Provident; and
- (b) not bind the Provident for benefits under the Plan.

The Policyholder reserves the right to terminate, suspend, withdraw, amend or modify the Plan at any time. Any such change or termination in benefits (a) will be based solely on the decision of The Policyholder and (b) may apply to active Employees, future retirees and current retirees as either separate groups or as one group.

Misrepresentations

Any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false, incomplete, or misleading statement is guilty of insurance fraud. Provident reserves the right to take appropriate action in any instance where insurance fraud is at issue.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION II – ELIGIBILITY, EFFECTIVE DATE AND TERMINATION OF COVERAGE

For You

You are in the eligible class if you are a regular full-time active Employee (including elected officials) of the following entities:

1. State of West Virginia;
2. West Virginia Legislature;
3. State colleges and universities
4. county boards of education to include elected members of the boards of education;
5. counties, cities, or towns (if the employer elects to participate in the PEIA Plan);
6. comprehensive community mental health centers and mental retardation centers authorized pursuant to W.Va. Code, Section 27-2A-1, et seq.; and
7. other individuals and government bodies specified in the W.Va. Code Chapter 5, Article 16 (if the employer elects to participate in the PEIA Plan).

The term "full-time" means a permanent position that is considered full-time by the participating entity and that requires services to be performed at least 20 hours per week, unless otherwise exempt under W.Va. Code.

The term "initial enrollment period" refers to the calendar month of and two calendar months following date of hire.

You are also in the eligible class if you are classified as a Retired Employee who meets the minimum eligibility requirements of the applicable state retirement system. Retired Employees must enroll in the month of or the 2 calendar months following their date of retirement, otherwise they will not be able to participate.

If you are in the eligible class, your coverage will become effective on the later of:

- (a) the effective date of the Plan if you have enrolled on or before or within one month after that date; or
- (b) the first day of the calendar month next following the date you enroll, if you enroll later than one month after the effective date of the Plan.

Coverage may be continued during a period of lay-off or leave of absence in accordance with such uniform rules as the Policyholder may adopt.

The effective date of the Plan is January 1, 2003.

With respect to Active Employees, you will be covered on the first day of the calendar month next following the date you enroll provided you have completed:

- (a) a full day of Active Work on that date; or
- (b) a full day of Active Work on your last regularly scheduled work day and are able to work on the date you become eligible.

If you do not meet the requirements of (a) and (b) above, the coverage will become effective on the date you return to Active Work.

Active Work and Actively at Work mean:

- (a) performing your regular duties for a full work day; and
- (b) not being absent from work because of illness or injury.

Life Insurance Subject to Evidence of Insurability will become effective as provided on page 13.

With respect to Retired Employees, you will become covered on the date you have become eligible for all insurance except for any amount of insurance subject to evidence of insurability.

Life Insurance Subject to Evidence of Insurability will become effective as provided on page 13.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION II – ELIGIBILITY, EFFECTIVE DATE AND TERMINATION OF COVERAGE

For You

Special Provisions: Life Insurance Subject to Evidence of Insurability

Active Employees

To be covered for Life Insurance Subject to Evidence of Insurability, you must submit a completed medical information form and be approved by the Provident. Medical information forms are available from your benefit coordinator. This coverage will become effective:

- (a) on the first day of the calendar month after the date of approval of proof of good health; and
- (b) provided you have completed:
 - (i) a full day of Active Work on that date; or
 - (ii) a full day of Active Work on your last regularly scheduled work day and are able to work on the date you become eligible.

If you do not meet these requirements, your coverage will not become effective until you do.

Active Work and Actively at Work mean performing your regular duties for a full work day for your employer.

The completed application for this coverage becomes a part of the Plan. A copy of the application will be returned to you. This should be filed with your certificate.

Retired Employees

To be covered for Life Insurance Subject to Evidence of Insurability, you must submit a completed medical information form and be approved by the Provident. Medical information forms are available from the PEIA office. This coverage will become effective on the first day of the calendar month after the date of approval of proof of good health.

The completed application for this coverage becomes a part of the Plan. A copy of the application will be returned to you. This should be filed with your certificate.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION II – ELIGIBILITY, EFFECTIVE DATE AND TERMINATION OF COVERAGE

For Your Dependents

The term Dependent means your spouse and your dependent unmarried children within the specified age limits. Spouse means the person to whom you are legally married.

The term children means your natural children and:

- (a) adopted children including children placed with you for the purpose of adoption;
- (b) step-children; and
- (c) any other children residing with you.

In the case of (c) above, such children must be living in a regular parent-child relationship with you and be wholly dependent upon you for support and maintenance. A regular parent-child relationship does not exist if either of the child's parents also resides with you.

To be eligible, children must be under 19 years of age and unmarried, except as provided below.

Unmarried children under 25 years of age who attend a licensed or accredited school on a full-time basis are also eligible. For coverage to continue during vacation periods, the child must plan to enter school on the next enrollment date.

Mentally Retarded/Physically Disabled Dependent Children

Dependent children may also be covered after attainment of age 19 while incapable of self-support because of mental retardation, mental illness, or a physical disability that began prior to age 19 or prior to age 25 while a full-time student if the child was dependent upon the employee for support and maintenance at the onset of the mental retardation, mental illness, or physical disability. For complete information, contact the PEIA office (304) 558-7850 within 31 days before coverage terminates for the appropriate form to continue coverage.

Where husband and wife are both covered under the Plan as Employees, both may elect to cover each other and any children.

Special Provisions: Life Insurance For Dependents Subject to Evidence of Insurability For Retired Employees Electing Dependent Life Insurance Option 2, 3 or 4.

If you elect Dependent Life Insurance Option 2, 3 or 4 during the initial enrollment period, you must provide evidence of insurability for each eligible Dependent to be insured.

To be covered for Life Insurance for Dependents Subject to Evidence of Insurability, you must provide proof of good health on the medical information form to the Provident for each of your eligible Dependents. The coverage will become effective on the first day of the calendar month after the date of approval of proof of good health.

If your Dependents do not meet these requirements, their coverage will not become effective until proof of good health on the medical information form is provided to the Provident for all of your eligible Dependents.

The completed application for each eligible Dependent becomes a part of the Plan. A copy of each application will be returned to you. This should be filed with your certificate.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION II – ELIGIBILITY, EFFECTIVE DATE AND TERMINATION OF COVERAGE

For Your Dependents

You become eligible for Dependent coverage on:

- (a) the date you become eligible, if you have an eligible Dependent at that time; or
- (b) the first day you acquire an eligible Dependent, if you are already eligible.

Adopted children are deemed to be eligible on the date of placement with you for the purpose of adoption.

You must enroll your dependent in the month of or the 2 calendar months following the date they first become eligible, otherwise the Dependent will be subject to a medical evidence requirement.

Your eligible Dependents will be covered on the later of:

- (a) the first day of the calendar month next following the date you enroll your Dependents; or
- (b) the first day of the calendar month next following the date of approval by the Provident, if the amount of insurance is subject to evidence of insurability, provided they are not then in the Hospital.

Newborn children (natural or adoptive) will be covered effective on the day of live birth provided that you already have Dependent coverage and you enroll the child in the month of or the 2 calendar months following the birth. If you were not eligible for Dependent coverage prior to the birth, you may enroll the child for Option 1 of Dependent coverage to be effective on the day of live birth as long as you enroll the child in the month of or the 2 calendar months following the live birth. Persons who were not previously eligible for Dependent coverage and wish to enroll for Option 2, and persons who were eligible for dependent coverage and did not elect such coverage may enroll for either Option of Dependent coverage to be effective on the day the child is discharged from the hospital as long as they enroll in the month of or the 2 calendar months following the discharge.

Reporting Changes in Eligibility of Dependents

In order to cover an eligible Dependent who was not previously eligible, you must enroll the dependent in the month of or the 2 calendar months following the qualifying event, otherwise the Dependent will be subject to Evidence of Insurability. You should also complete and submit a change of status form to your benefit coordinator when a Dependent is no longer eligible.

If You Do Not Enroll Your Dependents On Time

You should apply for Dependent coverage when first eligible.

If you apply for Dependent coverage after the initial enrollment period, you must provide proof of good health on the medical information form to the Provident.

Coverage for each of your eligible Dependents who have satisfied proof of good health will then become effective on the date proof of good health is approved by the Provident.

Coverage will not become effective for any eligible Dependent:

- (i) whose proof of good health is not approved by the Provident; or
- (ii) who is then hospitalized.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION II – ELIGIBILITY, EFFECTIVE DATE AND TERMINATION OF COVERAGE

For Your Dependents

When Coverage Ends

- Your coverage will cease on the sooner of:
 - (a) the date the Plan ceases;
 - (b) the date the Plan ceases for the class of Employees to which you belong;
 - (c) the last day of the calendar month in which you are no longer a member of an eligible class;
 - (d) the date ending the period for which your last contribution is made, if you are required to pay a part of the cost of the Plan;
 - (e) the date your active employment ceases, except that Retired Employees who meet the minimum eligibility requirements of the applicable state retirement system continue to be eligible, provided they apply in the month of or the 2 calendar months following their retirement.
- Your coverage with respect to Dependents will cease on the sooner of:
 - (a) the date ending the period for which your last contribution is made, if you are required to pay a part of the cost of the Plan;
 - (b) the date your coverage ceases;
 - (c) the last day of the calendar month in which a Dependent ceases to be eligible as a Dependent; or
 - (d) the date that adoption proceedings are discontinued provided that such proceedings do not result in finalization of the adoption and the child is no longer in your custody.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Life Insurance for You

Benefit Provision

The amount of life insurance is shown in the Schedule of Benefits. The Provident will pay the amount shown to your beneficiary if you die from any cause while insured.

Payment will be made as soon as proof of death is received.

Assignment

Your life insurance cannot be assigned.

Beneficiary

You may name anyone as your beneficiary. You must name the beneficiary(ies) on your enrollment form and submit the form to your benefit coordinator.

You may change your beneficiary at any time by completing a change of beneficiary form. The effective date of the change is the date the request is signed. However, the Provident is not liable for any amount paid before the request is received.

If you name more than one beneficiary, they will share equally unless you provide otherwise.

If a beneficiary dies before you, his or her share will be paid equally to the surviving beneficiaries, unless you state otherwise.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Life Insurance for You

Standard Mode of Settlement

The standard modes for payment of a life insurance benefit are:

Lump-sum Payment

If the amount of coverage is under \$10,000, the life insurance benefit will be paid in a lump-sum.

Lump Insurance Claim Settlement Account

If the amount of coverage is over \$10,000, a Life Insurance Claim Settlement Account will be established automatically unless the beneficiary elects otherwise by notifying the Provident in writing.

A Life Insurance Claim Settlement Account is an interest bearing checking account similar to a money market checking account which pays interest competitive with other financial institutions. The life insurance payment will be deposited into an account automatically for each beneficiary who is due benefits of at least \$10,000. Each beneficiary will be issued a checkbook which may be used to withdraw all or a portion of the money from the account. No deposits to the account will be permitted.

Optional Mode of Settlement

You may elect to have the life insurance benefit paid under any one of the following optional modes of payment by writing to the Provident at the following address: Provident Companies, Life Claims Department, 1 Fountain Square, Chattanooga, TN 37402. After your death, the beneficiary has the same right.

- (1) Installment Payments for a specified period - The life insurance benefit will be paid in monthly installments for a specified number of months.
- (2) Life Income - The life insurance benefit will be paid in monthly installments for the lifetime of the beneficiary. Provident guarantees that payments will be made for a minimum period of 120, 180, or 240 months, whichever is elected.
- (3) Interest Payments - Payments of interest on the life insurance benefit at a compound rate to be determined by Provident.
- (4) Installment Payments for a specified amount - Payment of monthly installments of a specified amount of the life insurance benefit until that amount plus interest on the amount retained by Provident is exhausted. Interest will be paid annually at compound rate to be determined by Provident. Installment payments which amount to less than \$50 annually per \$1,000 of the life insurance benefit will not be permitted.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Life Insurance for You

Accelerated Death Benefit (herein called Living Benefit Option)

NOTE: Benefits paid under this Living Benefit Option may be taxable. If so, you or your beneficiary may incur a tax obligation. As with all tax matters, you should consult your personal tax advisor to assess the impact on this benefit.

Benefit Provision

If you become Terminally Ill while insured under the Life Insurance provision or while your death benefit is being continued under the Insurance During Disability Before Age 60, you may apply for this Living Benefit Option. This election is allowed only once in your lifetime and is subject to the conditions shown below.

Terminally Ill means you are expected to die in 6 months. This must be certified by a Physician and accepted by Provident.

Proof

Living Benefits will be payable when Provident receives acceptable proof from your Physician that you are Terminally Ill. Such proof must be in a form that is satisfactory to Provident. At the time such proof is given, Provident may have you examined by a Physician of Provident's choice. This will be at Provident's expense.

Coverage

The amount of the Living Benefit will be:

- (a) 50% of the Life Insurance amount shown in the Schedule of Benefits, if that amount is at least \$10,000.00;
- (b) determined as of the date Provident accepts proof that you are Terminally Ill;
- (c) payable only if you are living when payment is made; and
- (d) not more than \$100,000.00.

In no event will the amount payable to your beneficiary upon your death, plus the amount payable to you for this Living Benefit, exceed the amount that would have been payable to your beneficiary if you had not applied for this Living Benefit.

The amount available for you to convert to a personal policy under the Conversion of Life Insurance provision will be reduced by the amount of the Living Benefit paid to you.

Exclusions

Living Benefits will not be payable if:

- (a) your Life Insurance amount is less than \$10,000.00;
- (b) Provident receives a certified copy of a court order directing it to pay all or a portion of your Life Insurance to a third party;
- (c) you become Terminally Ill as a result of:
 - (i) an attempted suicide; or
 - (ii) injuring yourself on purpose; or
- (d) you are over age 65 when you apply for the Living Benefit.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Life Insurance for You

Insurance During Disability Before Age 60

Basic Life Insurance

If you become disabled before age 60, and while insured, the insurance will continue as long as you are disabled without further payment of premium. To be considered disabled, you must be unable to do any work for pay or profit.

You must provide proof of disability acceptable to the Provident. The first proof must be given: (a) after the disability has lasted 9 months; and (b) no later than one year after the disability occurred. Proof must be given each year thereafter within 3 months prior to the anniversary of the first proof.

Any reductions in the amount of insurance as provided in the Schedule of Benefits will apply to any insurance being continued under this provision.

If you die during approved disability, the amount of insurance then in effect will be paid to your beneficiary. Proof must be furnished within one year after death that you were disabled until the date of death.

If a converted policy is issued under the Plan, it must be returned without claim before insurance will be continued under this provision. Any premiums paid for the converted policy will be returned to you.

If you die prior to the time you have to furnish proof, any amount of insurance paid under this provision will be reduced by the amount of the converted policy.

However, if the converted policy is returned without claim, the amount of the policy will be paid to your beneficiary as a benefit under the Plan. All premiums paid under the converted policy will also be paid to your beneficiary.

The Provident may have you examined by a Physician of its choice at Provident's expense.

If proof of your disability is not accepted by the Provident, any legal suit must be brought within 3 years after proof is not accepted.

Optional Life Insurance

If you become disabled before age 60 and while insured, you may keep your Optional Life Insurance in force by paying the appropriate premium to the Policyholder, provided proofs of disability are furnished as required. In no event, however, will such insurance be continued beyond the date the life insurance provisions of the Plan terminate. To be considered disabled, you must be unable to do any work for pay or profit.

You must provide proof of disability acceptable to the Provident. The first proof must be given: (1) after the disability has lasted 9 months; and (2) no later than one year after the date your active work ceases due to disability. Proof must be given each year thereafter within 3 months prior to the anniversary of the first proof.

Any reductions in the amount of insurance as provided in the **Schedule of Benefits** will apply to any insurance being continued under this provision.

If you die during approved disability, the amount of insurance then in effect will be paid to your beneficiary. Proof must be furnished within one year after death that you were disabled until the date of death.

If a converted policy is issued under the Plan, it must be returned without claim before insurance will be continued under this provision. Any premiums paid for the converted policy will be returned to you.

If you die prior to the time you have to furnish proof, any amount of insurance paid under this provision will be reduced by the amount of the converted policy.

However, if the converted policy is returned without claim, the amount of the policy will be paid to your beneficiary as a benefit under the Plan. All premiums paid under the converted policy will also be paid to your beneficiary.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Life Insurance for You

The Provident may have you examined by a Physician of its choice at Provident's expense.

If proof of your disability is not accepted by the Provident, any legal suit must be brought within 3 years after proof is not accepted.

Conversion of Life Insurance

If The Life Insurance For You Ceases While The Life Insurance Plan Continues -

If all or any part of your life insurance ceases because your employment ends, you may convert to an individual policy. The policy can be on any form then in use by the Provident, except term insurance. The policy will not contain disability or supplementary benefits. However, there will be available to the Employee preliminary or interim term life insurance for not more than one year after termination of the life insurance.

You must apply for the policy within 31 days after your life insurance ceases. Proof of good health is not required.

The premium for the policy will be based on your:

- (a) age;
- (b) class of risk; and
- (c) form and amount of policy.

If your life insurance ceases because you are no longer a member of the class eligible, you may convert it on the same basis as above.

If The Life Insurance Plan Ceases -

If the Plan has been in effect for at least 5 years and your life insurance has been in effect for at least 3 years, and

- (a) the Plan ends, or
- (b) the Plan ceases to include your class of Employees, you may convert to an individual policy on the same basis as above. The converted policy will be limited to the lesser of:
- (c) the amount of life insurance you had under the Plan, less any amount of life insurance you become eligible for under another group policy within 31 days after the Plan ends; or
- (d) \$10,000.00.

If your life insurance is being continued because of disability and you recover or fail to give any required proof of disability, your life insurance may be converted. To do so you must apply within 31 days from the date of recovery or from the date proof was required.

The converted policy will become effective at the end of the 31 day period allowed for conversion. If you die during that period, the amount of life insurance you could have converted will be paid to your beneficiary. Nothing will be paid under this provision if any amount is paid under the provision "Insurance During Disability Before Age 60".

The suicide and/or contestable periods will not start over on the converted policy.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Life Insurance for Your Dependents

Benefit Provision

The amount of life insurance for a Dependent is shown in the Schedule of Benefits. The Provident will pay to you the amount shown if the Dependent dies while covered under the Plan. The Employee is the beneficiary for all Dependent Life Insurance.

Conversion of Life Insurance

If the Life Insurance For Your Dependent Ceases While the Life Insurance Plan Continues

The life insurance may be converted to an individual policy if:

- (a) you die, or your employment ceases;
- (b) you cease to be in the eligible class;
- (c) a Dependent marries; or
- (d) a Dependent attains the age limit.

The policy can be on any form then in use by the Provident, except term insurance. The policy will not contain disability or supplementary benefits. However, there will be available to the Dependent preliminary or interim term life insurance for not more than one year after termination of the life insurance.

The Dependent must apply for the policy within 31 days after the coverage ends. Proof of good health is not required.

The premium for the policy will be based on your Dependent's:

- (a) age;
- (b) class of risk; and
- (c) form and amount of policy.

If the Life Insurance Plan Ceases

If the life insurance for a Dependent has been in effect for at least 5 years, and

- (i) the Plan ends; or
- (ii) the Plan ceases to include your class of Employees; your Dependent may convert to an individual policy on the same basis as above.

The converted policy will be limited to the lesser of:

- (a) the amount of life insurance your Dependent had under the Plan, less any amount of life insurance your Dependent becomes eligible for under another group policy within 31 days after the Plan ends; or
- (b) \$10,000.00.

The converted policy will become effective at the end of the 31 day period allowed for conversion. If your Dependent dies during that period, the amount of life insurance which could have been converted will be paid to you. However, if you are not living, it will be paid to the estate of the Dependent.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Accidental Death and Dismemberment For You

Benefit Provision

The Provident will pay a benefit for loss due to accidental injury as shown in the table below. The loss must occur within 90 days after the date of the accident. You must be covered under the Plan on the date of the accident.

The benefit is called the Principal Sum and it is shown in the Schedule of Benefits. This benefit is paid in addition to the Life Insurance payable under the Plan.

The benefit for loss of life will be paid to your beneficiary. All other benefits will be paid to you.

Table of Losses

Loss of Life	The Principal Sum
Loss of More Than One Member	The Principal Sum
Loss of One Member.....	One-Half The Principal Sum
Maximum - All Losses - Any One Accident.....	The Principal Sum

Loss of a member shall mean the:

- (a) loss of a hand by total severance at or above the wrist;
- (b) loss of a foot by total severance at or above the ankle joint; or
- (c) total loss of the sight of an eye.

Beneficiary

You may name anyone as your beneficiary. You must name the beneficiary(ies) on your enrollment form and submit the form to your benefit coordinator.

You may change your beneficiary at any time by completing a change of beneficiary form. The effective date of the change is the date the request is signed. However, the Provident is not liable for any amount paid before the request is received.

If you name more than one beneficiary, they will share equally unless you state otherwise.

If a beneficiary dies before you, his or her share will be paid equally to the surviving beneficiaries, unless you state otherwise. Any amount for which a beneficiary is not named will be paid in accordance with the surviving class provisions on Page 35.

Limitations and Exclusions

Benefits are not paid for losses caused by:

- (a) bodily or mental infirmity;
- (b) bacterial infections, except those which occur at the time of the accident;
- (c) any other kind of disease;
- (d) hernia, unless caused by accidental means;
- (e) medical or surgical treatment (except surgical treatment required by the accident and performed within 90 days after the accident);
- (f) war or any act of war; or
- (g) suicide or self-inflicted injury, whether sane or not.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Accidental Death and Dismemberment For Your Dependents

Benefit Provision

The Provident will pay a benefit for a Dependent's loss due to accidental injury as shown in the table below. The loss must occur within 90 days after the date of the accident. Your Dependent must be covered under the Plan on the date of the accident.

The benefit is called the Principal Sum and it is shown in the Schedule of Benefits.

All benefits will be paid to you. The Employee is the beneficiary for all Dependent Accidental Death and Dismemberment Insurance.

Table of Losses

Loss of Life	The Principal Sum
Loss of More Than One Member	The Principal Sum
Loss of One Member.....	.One-Half The Principal Sum
Maximum - All Losses - Any One Accident.....	The Principal Sum

Loss of a member shall mean the:

- (a) loss of a hand by total severance at or above the wrist;
- (b) loss of a foot by total severance at or above the ankle joint; or
- (c) total loss of the sight of an eye.

Limitations and Exclusions

Benefits are not paid for losses caused by:

- (a) bodily or mental infirmity;
- (b) bacterial infections, except those which occur at the time of the accident;
- (c) any other kind of disease;
- (d) hernia, unless caused by accidental means;
- (e) medical or surgical treatment (except surgical treatment required by the accident and performed within 90 days after the accident);
- (f) war or any act of war; or
- (g) suicide or self-inflicted injury, whether sane or not.

Exhibit A

Benefit Summary and Eligibility Provisions

SECTION III – COVERAGE PROVISIONS

Claim Payments

Payment of Claims

Any benefits paid for loss of life will be paid to the beneficiary. In the absence of a beneficiary designated by the employee or surviving at the time of the employee's death, payment will be made to the first surviving class of the following classes of successive preference beneficiaries: The employee's (a) widow or widower; (b) surviving children; (c) surviving parents; (d) surviving brothers and sisters (including whole or half blood); (e) estate. If the estate will not be probated, the Provident may use its discretion in disbursing benefits which would otherwise be payable to your estate, not to exceed \$500.00. The Provident will be discharged to the extent of such payment made in good faith.

Provisions Applicable To All Other Coverage

Notice of Claim

Written notice of claim must be given within 20 days after the loss, or as soon as possible. The notice must be given to the Provident, an authorized agent, or the Policyholder, with information identifying you.

Claim Forms

When a notice of claim is received, the Provident will provide claim forms for the filing of proofs of loss. If such forms are not sent within 15 days, you will have met the proof of loss requirement if you give the Provident a written statement of the nature and extent of the loss within the time fixed in this Plan.

Proofs of Loss

Written proof must be given to the Provident within 90 days after the date of loss. However, a claim will still be considered if it was not possible to furnish proof within this time and the proof was furnished as soon as possible. Except in the absence of legal capacity, in no event will an expense be considered if proof for that expense is furnished more than 2 years after the date the expense was incurred.

Time of Payment of Claims

All benefits provided by the Plan will be paid upon receipt of proof of loss.

Physical Examination and Autopsy

The Provident will have the right to examine any person as often as it may require and to perform an autopsy where not forbidden by law. This will be at the expense of the Provident.

Legal Actions

No action may be brought to recover under the Plan until 60 days after proof of loss has been given. No action can be brought after 3 years from the date written proof of loss was required to be furnished.

EB122932LIFE(2/04)

Exhibit B Census Data

Basic Life

AGE CATEGORIES			LIFE VOLUME	
	FEMALE	MALE	FEMALE	MALE
• < 20	16	15	160,000	150,000
• 20-24	726	712	7,260,000	7,120,000
• 25-29	2,866	2,365	28,660,000	23,640,000
• 30-34	3,868	3,317	38,665,000	33,150,000
• 35-39	4,711	3,747	47,080,000	37,410,000
• 40-44	6,252	4,427	62,440,000	44,075,000
• 45-49	8,700	5,567	86,625,000	54,980,000
• 50-54	10,957	6,987	108,530,000	68,110,000
• 55-59	9,671	7,200	88,900,000	63,355,000
• 60-64	6,045	5,085	45,405,000	37,600,000
• 65-69	4,555	3,739	13,037,500	10,820,000
• 70 >	11,286	7,170	30,177,500	19,810,000
Total	69,653	50,331	556,940,000	400,220,000

Exhibit B Census Data

Optional Life

AGE CATEGORIES			LIFE VOLUME	
	FEMALE	MALE	FEMALE	MALE
• < 20	17	17	170,000	170,000
• 20-24	740	715	7,400,000	7,150,000
• 25-29	2,856	2,366	28,560,000	23,650,000
• 30-34	3,870	3,295	38,685,000	32,935,000
• 35-39	4,700	3,731	46,970,000	37,245,000
• 40-44	6,232	4,385	62,240,000	43,650,000
• 45-49	8,655	5,532	86,190,000	54,620,000
• 50-54	10,869	6,916	107,635,000	67,380,000
• 55-59	9,491	7,059	86,640,000	61,640,000
• 60-64	5,878	4,958	43,330,000	36,125,000
• 65-69	4,493	3,679	12,762,500	10,537,500
• 70 >	11,154	7,028	29,787,500	19,447,500
Total	68,955	49,681	550,370,000	394,550,000

Exhibit B Census Data

Dependent Life

Group ID	Option	Dependents	Life Volume
Active	1	13,061	46,048,000
Active	2	23,604	163,950,000
Active	3	2,123	22,085,000
Active	4	15,665	238,030,000
Subtotal		54,453	470,113,000

Group ID	Option	Dependents	Life Volume
Retiree	1	4,399	20,852,000
Retiree	2	2,638	24,934,000
Retiree	3	92	1,292,000
Retiree	4	773	14,320,000
Subtotal		7,902	61,398,000

Total

62,355	531,511,000
---------------	--------------------

Exhibit C

Claim History

BASIC LIFE EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$ 5,291,179.05	\$ 5,805,548.79	\$ 5,629,208.26	\$16,725,936.10
Paid Premium	\$ 6,115,773.92	\$ 6,112,303.66	\$ 6,136,702.38	\$18,364,779.96
Paid Loss Ratio	86.5%	95.0%	91.7%	91.1%

These numbers do not include IBNR reserves.

SUPPLEMENTAL EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$11,851,183.91	\$ 13,925,409.11	\$15,976,575.92	\$41,753,168.94
Paid Premium	\$13,379,890.67	\$ 16,719,942.06	\$16,673,601.71	\$46,773,434.44
Paid Loss Ratio	88.6%	83.3%	95.8%	89.3%

ADD EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$ 395,000.00	\$ 135,000.00	\$ 291,500.00	\$ 821,500.00
Paid Premium	\$ 244,747.41	\$ 249,732.15	\$ 250,633.26	\$ 745,112.82
Paid Loss Ratio	161.4%	54.1%	116.3%	110.3%

DEPENDENT EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$ 1,578,000.00	\$ 2,127,929.98	\$ 2,598,014.57	\$ 6,303,944.55
Paid Premium	\$ 1,630,370.02	\$ 1,973,852.41	\$ 2,023,649.56	\$ 5,627,871.99
Paid Loss Ratio	96.8%	107.8%	128.4%	112.0%

EMPLOYEE SUPPLEMENTAL AD&D EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$ 745,000.00	\$ 570,000.00	\$ 621,500.00	\$ 1,936,500.00
Paid Premium	\$ 965,809.62	\$ 1,032,684.46	\$ 1,033,466.12	\$ 3,031,960.20
Paid Loss Ratio	77.1%	55.2%	60.1%	63.9%

Exhibit C

Claim History

DEPENDENT OPTIONAL AD&D EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$ 64,000.00	\$ 93,000.00	\$ 84,000.00	\$ 241,000.00
Paid Premium	\$ 107,280.60	\$ 128,426.53	\$ 129,809.80	\$ 365,516.93
Paid Loss Ratio	59.7%	72.4%	64.7%	65.9%

COMBINED LIFE EXPERIENCE ANALYSIS

Incurred Period	07/02-06/03	07/03-06/04	07/04-06/05	Total
Total Paid Claims	\$19,924,362.96	\$ 22,656,887.88	\$25,200,798.75	\$67,782,049.59
Paid Premium	\$22,443,872.24	\$ 26,216,941.27	\$26,247,862.83	\$74,908,676.34
Paid Loss Ratio	88.8%	86.4%	96.0%	90.5%

Exhibit D Rates

Note: 100% participating rates.

	Number Insured	Life Volume	Monthly Rate \$1,000		Monthly Premium
A. Basic Life	118,912	956,146			
B. Basic AD&D	84,588	838,709			
Basic Life Insurance Total					
C. Optional Life			Non-Tobacco	Tobacco	
Active Employees					
Under age 30	3,576	254,505			
30-34	4,378	346,900			
35-39	5,304	428,980			
40-44	6,934	496,590			
45-49	9,555	632,935			
50-54	11,685	697,420			
55-59	8,085	442,590			
60-64	2,784	131,660			
65-69	673	19,130			
70>	238	4,542			
Retirees					
Under age 30	1	75			
30-34	3	170			
35-39	20	1,170			
40-44	60	3,345			
45-49	215	10,225			
50-54	597	26,520			
55-59	2,535	105,185			
60-64	3,872	128,850			
65-69	4,084	73,649			
70>	6,593	67,931			
Total	71,192	3,872,372			

Life Insurance Premiums Collected shall consist of all premium collected for the particular pool for all coverages in force during the operating period.

Less Insurance Company Charges – Shall equal (?) % of net premiums collected for the period.

Accrued Insurance Company Charges – Shall equal amounts due at (?) % of net premium to the extent that it has not paid as the date of the statement.

Exhibit D Rates

	Number Insured	Life Volume	Monthly Rate \$1,000		Monthly Premium
D. Optional AD&D			Non-Tobacco	Tobacco	
Active Policyholders only					
Under age 30	3,576	259,505			
30-34	4,378	346,900			
35-39	5,304	428,980			
40-44	6,934	496,590			
45-49	9,555	632,935			
50-54	11,685	697,420			
55-59	8,085	442,590			
60-64	2,784	131,660			
65-69	673	19,130			
70>	238	4,542			
Total		3,455,252			
E. Dependent Life					
Opt 1 Active Employees	13,186	42,880			
Opt 2 Active Employees	12,888	156,394			
Opt 3 Active Employees	1,047	21,021			
Opt 4 Active Employees	8,694	225,970			
Opt 1 Active AD&D	13,186	42,880			
Opt 2 Active AD&D	12,888	156,394			
Opt 3 Active AD&D	1,047	21,024			
Opt 4 Active AD&D	8,694	225,970			
Opt 1 Retirees	4,237	19,420			
Opt 2 Retirees	2,429	23,320			
Opt 3 Retirees	82	1,144			
Opt 4 Retirees	672	13,320			
Total	79,050	949,734			

Notes:

1. The administrative fee per policy per month shall include all costs to be paid to the proposer for the various services in this RFP (including overhead, postage, printing, etc.)
2. It is understood and agreed that this bid is submitted on a participating basis and that any surplus or deficit, to the extent called generated from the underwriting profits and losses of these insurance products are the property of the PEIA.
3. Recommended premiums above are to be sufficient to cover age band losses, state premium taxes, and administrative fees.

Exhibit E

Report Checklist, Report Templates and Financial Statement Definitions

Report Checklist – Effective July 1, 2006		
Report	Frequency	Due
Paid Claims	Monthly	No later than 30 days after end of month. Electronic file will be placed on the FTP site with email notification to T. Marchio and L. Stover.
Underwriting Status	Monthly	No later than 30 days after end of month.
Premium Stabilization Fund Detailing Interest Earned and Balance	Quarterly	No later than 30 days after close of quarter.
Waiver of Premium	Quarterly	No later than 30 days after close of quarter
Customer Service Survey	Quarterly	No later than 30 days after close of quarter
Company Financial Ratings: Standard & Poor's Fitch Moody's A.M. Best Weiss Ratings, Inc.	Semi-Annual Semi-Annual Semi-Annual Semi-Annual Semi-Annual	No later than 45 days after close of semi-annual period No later than 45 days after close of semi-annual period No later than 45 days after close of semi-annual period No later than 45 days after close of semi-annual period No later than 45 days after close of semi-annual period
Telephone Report	Semi-Annual	No later than 45 days after close of semi-annual period
Financial Reporting Statements: Statement of Assets and Liabilities Basic Life and AD&D Risk Pool Optional Life and AD&D Risk Pool Statement of Operations Basic Life and AD&D Risk Pool Optional Life and AD&D Risk Pool	 Semi-Annual Semi-Annual Semi-Annual Semi-Annual	 Reports are due no later than 90 days after the reporting periods ending June 30 and December 31
Loss Ratio By Age Band	Semi-Annual	Due no later than 90 days after the reporting periods ending June 30 and December 31

Exhibit E
Report Checklist, Report Templates
and Financial Statement Definitions

Basic Life and AD&D Risk Pool
Statement of Assets and Liabilities

	30-June-04	31-Dec-03	30-June-03	31-Dec-02
Assets				
Cash on Hand	\$	\$	\$	\$
Total Assets	\$	\$	\$	\$
Liabilities, Reserve and Surplus (Deficit)				
Accrued State Premium Taxes	\$	\$	\$	\$
Accrued Insurance Company Charges				
Unpaid Claims Estimate				
Total Liabilities	\$	\$	\$	\$
Premium Stabilization Reserve	\$	\$	\$	\$
Pool Surplus (Deficit)				
Total Liabilities, Reserve and Surplus (Deficit)	\$	\$	\$	\$

Exhibit E
Report Checklist, Report Templates
and Financial Statement Definitions

Optional Life and AD&D Risk Pool
Statement of Assets and Liabilities

	30-June-04	31-Dec-03	30-June-03	31-Dec-02
Assets				
Cash on Hand	\$	\$	\$	\$
Total Assets	\$	\$	\$	\$
Liabilities, Reserve and Surplus (Deficit)				
Accrued State Premium Taxes	\$	\$	\$	\$
Accrued Insurance Company Charges				
Unpaid Claims Estimate				
Total Liabilities	\$	\$	\$	\$
Premium Stabilization Reserve	\$	\$	\$	\$
Pool Surplus (Deficit)				
Total Liabilities, Reserve and Surplus (Deficit)	\$	\$	\$	\$

Exhibit E

Report Checklist, Report Templates and Financial Statement Definitions

Basic Life and AD&D Risk Pool Statement of Operations Six Months Ended

	30-Jun-04	31-Dec-03	30-Jun-03	31-Dec-02
Life Insurance Premiums Collected	\$	\$	\$	\$
Less: Life Insurance Claims Paid	<	>	<	>
Less: State Premium Tax	<	>	<	>
Less: Insurance Company Charges	<	>	<	>
Add: Beginning of Period Unpaid Claims Estimate				
Less: End of Period Unpaid Claims Estimate	<	>	<	>
Operating Results-Current Period				
Surplus (Deficit) Beginning of Period				
Transfer to PSR	<	>	<	>
Transfer from PSR				
Surplus (Deficit) End of Period	\$	\$	\$	\$
PSR Beginning of Period				
PSR Interest Earnings				
Transfer to PSR				
Transfer From PSR to Operations	<	>	<	>
Transfer From PSR to PEIA	<	>	<	>
PSR End of Period	\$	\$	\$	\$

Exhibit E

Report Checklist, Report Templates and Financial Statement Definitions

Optional Life and AD&D Risk Pool Statement of Operations Six Months Ended

	30-Jun-04	31-Dec-03	30-Jun-03	31-Dec-02
Life Insurance Premiums Collected	\$	\$	\$	\$
Less: Life Insurance Claims Paid	<	>	<	>
Less: State Premium Tax	<	>	<	>
Less: Insurance Company Charges	<	>	<	>
Add: Beginning of Period Unpaid Claims Estimate				
Less: End of Period Unpaid Claims Estimate	<	>	<	>
Operating Results-Current Period				
Surplus (Deficit) Beginning of Period				
Transfer to PSR	<	>	<	>
Transfer from PSR				
Surplus (Deficit) End of Period	\$	\$	\$	\$
PSR Beginning of Period				
PSR Interest Earnings				
Transfer to PSR				
Transfer From PSR to Operations	<	>	<	>
Transfer From PSR to PEIA	<	>	<	>
PSR End of Period	\$	\$	\$	\$

Exhibit E

Report Checklist, Report Templates and Financial Statement Definitions

Financial Statement Definitions

Life Insurance Premiums Collected-Shall consist of all premium collected for the particular pool for all coverages in force during the operating period.

Less: Life Insurance Claims Paid-Shall consist of life insurance claims paid during operating period. No experience only entries are to be included in this amount. This amount shall agree with the detailed electronic file for the related period which is provided to PEIA.

Less: State Premium Tax-Shall equal 3% of net premiums collected for the period.

Less: Insurance Company Charges-Shall equal (?)% of net premiums collected for the period. Refer to Exhibit D on Page 72.

Add: Beginning of Period Unpaid Claims Estimate-Shall consist of total estimated unpaid life insurance claims for dates of death prior to the beginning of the current operating period as indicated on the previous period Statement of Operations.

Less: End of Period Unpaid Claims Estimate-Shall consist of total estimated unpaid life insurance claims for dates of death through the end of the current operating period.

Operating Results-Current Period-Shall consist of the net difference of the above items.

Surplus (Deficit) Beginning of Period-Shall consist of the amount of carry-over from the previous period.

Surplus (Deficit) End of Period-Shall equal the sum of Operating Results Current Period and Surplus (Deficit) Beginning of Period, less transfer to PSR plus transfer from PSR.

Cash on Hand-Shall equal premiums collected plus PSR interest less amounts disbursed for life insurance claims, state premium taxes, insurance company charges and transfers from PSR to PEIA.

Accrued State Premium Taxes-Shall equal unpaid premium tax due to the State of West Virginia.

Accrued Insurance Company Charges-Shall equal amounts due at (?)% of net premium to the extent that it has not been paid as of the date of the statement. Refer to Exhibit D on Page 72.

Unpaid Claims Estimate-Shall consist of total estimated unpaid life insurance claims for dates of death through the date of the current statement of assets and liabilities.

Premium Stabilization Reserve-Shall equal positive operating results transferred to this account at the end of each operating period, plus interest earnings, less amounts transferred to operations and less amounts transferred to PEIA.

Pool Surplus (Deficit)-Shall equal the net difference of cash on hand less accrued state premium tax, accrued insurance company charges, unpaid claims estimate and Premium Stabilization Reserve.

Exhibit F

Affidavit of Debt

AFFIDAVIT

W.Va. Code §5A-3-10a states:

No contract or renewal of any contract may be awarded under this article to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor as defined in this section and the debt owed is an amount greater than five thousand dollars in the aggregate.

Definitions:

“Debt” means any assessment, penalty, fine, tax, or other amount of money owed to the state because of a judgment, fine, permit violation, license assessment, penalty or other assessment presently due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon;

“Debtor” means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions;

“Related party” means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever related to any vendor by blood, marriage, ownership or contract through which the party has a relationship or ownership or other interest with the vendor, so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving the amount that meets or exceeds five percent of the total contract amount.

Exception:

The prohibition does not apply where a vendor has contested any tax administered pursuant to chapter eleven of W.Va. Code, workers’ compensation premium, permit fee or environmental fee or assessment, and the matter has not become final, or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (W.Va. Code § 61-5-3), it is hereby certified that the bidder and all related parties do not owe any debts or, if a debt is owed, that the provisions of the exception clause (above) apply.

Vendor’s Name:	
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Authorized Signature:		Date:	
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Exhibit H

Timetable for Proposals

The following timetable is expected to apply during this process:

<u>Event</u>	<u>Target Date</u>
Release of RFP to Selected Vendors	August 1, 2005
Mandatory Bidders Conference	August 16, 2005
Written Notification of Intent to Bid (fax/email)	August 17, 2005
Submission of Questions	August 23, 2005
Proposal Due Date	October 4, 2005
Oral Presentation (if necessary)	<i>To be determined.</i>
Finalist(s) Selection	November 18, 2005
Tenative Vendor(s) Selection	January 4, 2006
Implementation	90 days from contract award.
Proposed Effective Date	July 1, 2006

A mandatory pre-proposal conference shall be conducted on August 16, 2005, at 1:00 p.m. Said conference will be held at the State Capital Complex, Building Five, Room 1001, (the PEIA Conference Room) 1900 Kanawha Boulevard, East, Charleston, West Virginia. **All interested proposers are required to be present at this meeting. Failure to attend the mandatory pre-proposal conference shall automatically result in disqualification. No one person can represent more than one proposer. Appearance by telephone is not permissible.** (Agencies may elect to utilize written questions and answers as an alternative, or in addition, to live questions at the conference).

Exhibit I
Executive Order

STATE OF WEST VIRGINIA
EXECUTIVE DEPARTMENT
CHARLESTON
EXECUTIVE ORDER NO. 19-01
By the Governor

WHEREAS, the President of the United States has ordered a partial mobilization to active military duty of certain units of the National Guard of the several states as well as certain reserve units of the United Forces in connection with the military retaliation and increased readiness in response to the terrorist attacks on the World Trade Center and Pentagon on September 11, 2001;

WHEREAS, some of those National Guardsmen and military reservists are also full-time employees of this State, its counties, or other political subdivisions;

WHEREAS, some of those public employees have already been mobilized by order of the President, while others may yet be mobilized in connection with the military response to terrorist attacks;

WHEREAS, prolonged military services imposes a harsh financial impact on public employees and their families by jeopardizing their income and valuable health or life insurance coverage or benefits;

WHEREAS, in an attempt to ameliorate such harsh financial impact on public employees salaries, this Administration proposed and the West Virginia Legislature enacted Enrolled House Bill No. 604 allowing state employees up to sixty working days paid leave when mobilized by appropriate federal authorities;

WHEREAS, no public employees should jeopardize or lose health or life insurance coverage or benefits as a result of his or her participation in the mobilization ordered by the President of the United States during the course of the present military response; and

WHEREAS, the Public Employees Insurance Agency is responsible for administering healthcare and life insurance coverage and benefits for public employees and their families;

NOW THEREFORE, I, BOB WISE, by virtue of the authority vested in me as the Governor of the State of West Virginia, do hereby ORDER that:

Exhibit I

Executive Order

- 1) The Public Employees Insurance Agency shall make available health and life insurance benefits to those full-time public employees currently covered by the Public Employees Insurance Agency who are members of a reserve component of the United States Armed Forces, including the West Virginia National Guard, and who are mobilized to active military duty by the President in response to the above terrorist attacks, as follows:
 - a) Public employee members with healthcare insurance coverage and benefits for themselves and their families may continue their coverage while on such active military duty by paying their premium share to their respective benefit coordinators after expiration of their leave time. The employer shall continue to pay its normal pre-mobilization share for the public employee members and their families;
 - b) Employer participants in the Public Employees Insurance Agency shall continue to pay premiums associated with the basic life insurance for their public employee members who are on such active military duty; and
 - c) Public employee members with optional life insurance coverage in force at the time of mobilization for active military duty may continue such coverage by paying their premium share to their respective benefits coordinators.
- 2) The Department of Administration, the Public Employees Insurance Agency, and the Consolidated Public Retirement Board are hereby directed to cooperate in the formulation of any rules or other directives necessary to implement and effectuate the purposes of this Executive Order.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of West Virginia to be affixed.



DONE at the Capitol, in the City of Charleston,
State of West Virginia, this sixth day of November,
in the year of our Lord, Two Thousand One, and in
the One Hundred Thirty-Ninth year of the State.

GOVERNOR

SECRETARY OF STATE

Exhibit J

Vendor Registration and Disclosure Statements

WV-1
REV. 05/01/03

STATE OF WEST VIRGINIA
PURCHASING DIVISION

VENDOR REGISTRATION AND DISCLOSURE STATEMENT

Dear Vendor:

Before a vendor is eligible to sell goods and/or services to the State of West Virginia, the **West Virginia Code** (§5A-3-12) requires all vendors to have on file with the State Purchasing Division a completed Vendor Registration & Disclosure Statement.

All vendors wishing to participate in the competitive bid process and receive purchase orders from the State of West Virginia exceeding one thousand dollars (\$1,000) are required to complete the Vendor Registration & Disclosure Statement (WV-1 form) and pay a \$45.00 annual fee. Payment of the \$45.00 annual fee includes a year's subscription to the **West Virginia Purchasing Bulletin**, which is available weekly, advertising purchases expected to exceed ten thousand dollars (\$10,000).

Please complete this form in its ENTIRETY and return with a check or money order made payable to the STATE OF WEST VIRGINIA in the amount of \$45.00. Incomplete forms will not be processed and will be returned to the vendor. Your cancelled check will serve as notification that the registration process is complete and that you are a registered vendor eligible to receive purchase orders from the State of West Virginia.

Please send completed form and \$45.00 payment to:

Purchasing Division
Vendor Registration
State Capitol Complex
2019 Washington Street East
P.O. Box 50130
Charleston, WV 25305-0130

Pages 1 and 2 which consist of information related to vendor organizational structure must be completed. Whenever a change occurs in the information submitted as required, such change shall be reported immediately in the same manner as required in the original disclosure affidavit (WV Code §5A-3-12). If you have any questions concerning the Vendor Registration & Disclosure Statement, please call the Purchasing Division at (304) 558-0059.

PLEASE TYPE OR CLEARLY PRINT ALL INFORMATION

Part I: To Be Completed by the Vendor and Return to the State Agency Listed Above

1. Legal Name of Company/Individual _____
Bidding Address _____

City/State/Zip _____
Contact Person _____
Telephone Number _____ FAX Number _____

2. Vendor Classified As:

_____ Individual	_____ Governmental Entity
_____ Sole Proprietorship	_____ Non-Profit Organization
_____ Partnership	_____ Other (Explain) _____
_____ Estate/Trust	_____
_____ Corporation	_____
_____ Public Service Corp	_____

3. If you have a Federal Employer's Identification Number enter it.
All partnerships, corporations, sole owners, or companies with employees must have an FEIN.

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3a. Individuals enter Social Security Number.

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4. By providing the following information, I represent that this enterprise is a small business as defined by the **Code of Federal Regulations**, Title 13, Part 121, as appended - which contains detailed industry definitions and related procedures - and/or the characteristics of the enterprise's control, operation and/or ownership are accurately reflected in the information provided. *Check all that apply.*

_____ Disabled Small Business Ownership [1]	_____ Veteran Small Business Ownership [4]
_____ Minority Small Business Ownership [2]	_____ Woman Small Business Ownership [5]
_____ Small Business Ownership [3]	

The information gathered in question 4 is for data collection efforts only.

Continue on page 2...

Exhibit J

Vendor Registration and Disclosure Statements

5. Are you registering as a new vendor?	_____ No	_____ Yes																		
6. Are you updating the organizational status previously submitted?	_____ No	_____ Yes																		
7. Payment of the \$45.00 annual fee entitles you to a year's subscription to the <i>West Virginia Purchasing Bulletin</i> . Do you wish to receive this publication?	_____ No	_____ Yes																		
8. Are you completing this form to register a branch/division/subsidiary? _____ No _____ Yes <i>If yes, please list the parent company's name, address, and FEIN.</i> Company Name: _____ Address: _____ _____ FEIN: _____																				
9. Has the vendor done business under another name? If so, list the name and address under which the business was conducted. <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">Name</td> <td style="width: 50%; text-align: center;">Address (St. & No.), City & State</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </table>			Name	Address (St. & No.), City & State	_____	_____														
Name	Address (St. & No.), City & State																			
_____	_____																			
10. List the name, title and resident location of all officers. Attach an additional sheet if space is needed. <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; text-align: center;">Name</td> <td style="width: 33%; text-align: center;">Position</td> <td style="width: 34%; text-align: center;">Resident Address (St. & No.), City & State</td> </tr> <tr><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td></tr> </table>			Name	Position	Resident Address (St. & No.), City & State	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Name	Position	Resident Address (St. & No.), City & State																		
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_____	_____	_____																		
_____	_____	_____																		
_____	_____	_____																		
_____	_____	_____																		
11. Has the vendor or those owning a controlling interest of the vendor or those serving as managers or officers of the vendor done business within the preceding ten years under a different name or under a different form of business organization under which such business was conducted: <div style="display: flex; justify-content: space-around;"> _____ No _____ Yes </div>																				
12. List one or more banking institutions to serve as reference for the vendor.																				
13. What is the latest Dun & Bradstreet rating on the vendor (if there is any such rating)?																				
14. Is the vendor acting as an agent for some other individual, firm or corporation? If yes, attach statement of the principal authorizing such representation. <div style="display: flex; justify-content: space-around;"> _____ No _____ Yes </div>																				
15. List the three digit commodity code number(s) from the list on pages 3 and 4 which best describe the product(s)/service(s) furnished by your company. (Attach additional page, if necessary)																				
As authorized agent of the vendor named herein, I do solemnly swear that the above information is true and complete. <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;"> _____ Vendor Signature </td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 45%; text-align: center;"> _____ Title </td> </tr> </table>			_____ Vendor Signature		_____ Title															
_____ Vendor Signature		_____ Title																		
Dated this _____ day of _____, 20__																				

Exhibit J

Vendor Registration and Disclosure Statements

Commodity Code Listing

CLASS	DESCRIPTION	CLASS	DESCRIPTION
005	ABRASIVES	245	DAIRY EQUIPMENT & SUPPLIES
010	ACOUSTICAL TILE, INSULATING MATERIALS, & SUPPLIES	250	DATA PROCESSING CARDS & PAPER
015	ADDRESSING, COPYING, MIMEOGRAPH MACHINES	920	DATA PROCESSING SERVICES & SOFTWARE
020	AGRICULTURAL EQUIPMENT	255	DECALS & STAMPS
022	AGRICULTURAL, PARTS	260	DENTAL EQUIPMENT & SUPPLIES
025	AIR COMPRESSORS & ACCESSORIES	265	DRAPERIES, CURTAINS, UPHOLST. MATERIALS (& AUTO)
031	AIR CONDITIONING, HEATING, & VENTILATING EQUIPMENT	271	DRUGS, PHARMACEUTICAL, & SETS
035	AIRCRAFT & AIRPORT, EQUIPMENT, PARTS & SUPPLIES	924	EDUCATIONAL SERVICES
905	AIRCRAFT OPERATIONS SERVICES	280	ELECTRICAL CABLES & WIRES (NOT ELECTRONIC)
040	ANIMALS	285	ELECTRICAL EQUIP. & SUPPLIES (EXCEPT CABLE & WIRE)
045	APPLIANCES & EQUIPMENT, HOUSEHOLD TYPE	287	ELECTRONIC COMPONENTS, REPLACE. PARTS, & ACCESS.
906	ARCHITECT-ENGINEER & PROF. DESIGN SERVICES	295	ELEVATORS, BUILDING TYPE
050	ARTEQUIPMENT	300	EMBOSSING & ENGRAVING
052	ART OBJECTS	290	ENERGY COLLECTING EQUIPMENT: SOLAR & WIND
715	AUDIOVISUAL MATERIALS (PREPARED)	305	ENGINEERING EQUIP., SURVEYING EQUIP., DRAWING
055	AUTOMOTIVE ACCESSORIES	310	ENVELOPES, PLAIN OR PRINTED
065	AUTOMOTIVE BODIES, PARTS	315	EPOXY BASED FORMULATIONS FOR ADHESIVES, COATINGS
060	AUTOMOTIVE PARTS	929	EQUIPMENT MAINTENANCE, ETC., AG, AUTO, INDUSTRIAL
075	AUTOMOTIVE SHOP EQUIPMENT	931	EQUIPMENT MAINTENANCE, ETC., APPLIANCE, FURNITURE
070	AUTOMOTIVE VEHICLES & TRANSPORTATION EQUIPMENT	934	EQUIPMENT MAINTENANCE, ETC., GENERAL
080	BADGES, EMBLEMS, NAME TAGS & PLATES, JEWELRY, ETC.	938	EQUIP. MAINTENANCE, ETC., LAUNDRY, LAWN, PLUMBING
085	BAGS, BAGGING, TIES, & EROSION CONTROL EQUIPMENT	936	EQUIPMENT MAINTENANCE, ETC., MEDICAL
090	BAKERY EQUIPMENT	939	EQUIPMENT MAINTENANCE, ETC., OFFICE, PHOTO, TV
375	BAKERY PRODUCTS	318	FARE COLLECTION EQUIPMENT & SUPPLIES
095	BARBER & BEAUTY SHOP EQUIPMENT & SUPPLIES	320	FASTENING EQUIPMENT
100	BARRELS, DRUMS, KEGS, & CONTAINERS	325	FEED, BEDDING, VITAMINS & SUPPLEMENTS FOR ANIMALS
105	BEARINGS (WHEEL BEARINGS & SEALS - SEE CLASS 060)	330	FENCING
110	BELTS & BELTING: CONVEYOR, ELEVATOR, POWER TRANS.	335	FERTILIZERS & SOIL CONDITIONERS
115	BIOCHEMICALS, RESEARCH	946	FINANCIAL SERVICES
270	BIOLOGICALS FOR HUMAN USAGE	340	FIRE PROTECTION EQUIPMENT & SUPPLIES
120	BOATS, MOTORS, & MARINE & WILDLIFE SUPPLIES	345	FIRST AID & SAFETY EQUIP. (NOT NUCLEAR OR WELDING)
125	BOOKBINDING SUPPLIES	350	FLAGS, FLAG POLES, BANNERS, & ACCESSORIES
908	BOOKBINDING, REBINDING, & REPAIRING	360	FLOOR COVERING, INSTALLATION, REMOVAL & SUPPLIES
135	BRICKS & OTHER CLAY PRODUCTS, REFRACTORY MATERIALS	365	FLOOR MAINTENANCE MACHINES
140	BROOM, BRUSH, & MOP MFC MACHINERY & SUPPLIES	370	FOOD PROCESSING & CANNING EQUIPMENT & SUPPLIES
145	BRUSHES (NOT OTHERWISE CLASSIFIED)	380	FOODS: DAIRY PRODUCTS
150	BUILDER'S SUPPLIES	385	FOODS: FREEZE-DRIED, FROZEN, READY-TO-EAT
910	BUILDING MAINTENANCE & REPAIR SERVICES	390	FOODS: PERISHABLES
155	BUILDINGS & STRUCTURES: FABRICATED & PREFABRICATED	393	FOODS: STAPLES
160	BUTCHER SHOP & MEAT PROCESSING EQUIPMENT	395	FORMS, CONTINUOUS: COMP. PAPER, LABELS & FOLDERS
165	CAFETERIA & KITCHEN EQUIPMENT, COMMERCIAL	400	FOUNDRY CASTINGS, EQUIPMENTS, AND SUPPLIES
175	CHEMICAL LABORATORY EQUIPMENT & SUPPLIES	405	FUEL, OIL, GREASE & LUBRICANTS
180	CHEMICAL RAW MATERIALS	415	FURNITURE, LABORATORY
190	CHEMICALS & SOLVENTS, COMMERCIAL (IN BULK)	425	FURNITURE, OFFICE
192	CLEANING COMPOSITIONS, DETERGENTS (PREPACKAGED)	420	FURNITURE: CAFE., CHAPEL, DORM, HOUSE, SCHOOL
193	CLINICAL LABORATORY REAGENTS & TESTS	410	FURNITURE: HEALTH CARE & HOSPITAL FACILITY
195	CLOCKS, TIMERS, WATCHES, & EQUIPMENT	430	GASES, CONTAINERS, EQUIPMENT: LAB., MED., WELDING
200	CLOTHING, APPAREL, UNIFORMS, & ACCESSORIES	435	GERMICIDES, HEALTH CARE
915	COMMUNICATIONS & MEDIA SERVICES	440	GLASS & GLAZING SUPPLIES
205	COMPUTER SYSTEMS: HARDWARE, SOFTWARE, & SUPPLIES	450	HARDWARE & RELATED ITEMS
210	CONCRETE & METAL CULVERTS, PILINGS, PIPE, SUPPLIES	948	HEALTH RELATED SERVICES (HUMAN SER. SEE CLASS 952)
220	CONTROLLING, INDICATING, MEASURING, SUPPLIES	745	HIGHWAY BUILDING MATERIALS, ASPHALT
225	COOLERS, DRINKING WATER (WATER FOUNTAINS)	750	HIGHWAY BUILDING MATERIALS, NOT ASPHALT
232	CRAFTS, GENERAL	460	HOSE, ACCESSORIES: IND., COMMERCIAL, GARDEN
233	CRAFTS, SPECIALIZED	465	HOSPITAL & SURGICAL EQUIP., INSTRUMENTS, & SUPPLY
240	CUTLERY, DISHES, FLATWARE, GLASSWARE, TRAYS, SUPPLIES	470	HOSPITAL EQUIPMENT, INVALID

Exhibit J

Vendor Registration and Disclosure Statements

Commodity Code Listing

CLASS	DESCRIPTION	CLASS	DESCRIPTION
475	HOSPITAL, SURGICAL & MEDICAL ACCESSORIES	720	PUMPING EQUIPMENT & ACCESSORIES
952	HUMAN SERVICES	730	RADIO COMM. & TELECOMMUNICATION TESTING, EQUIP.
545	INDUSTRIAL MACHINERY & HARDWARE	725	RADIO COMMUNICATION, TELEPHONE, & TELECOMM.
485	JANITORIAL SUPPLIES, GENERAL LINE	735	RAGS, SHOP TOWELS, & WIPING CLOTHS
495	LABORATORY & FIELD EQUIPMENT: BIO., BOT., ETC.	971	REAL PROPERTY RENTAL OR LEASE
493	LABORATORY EQUIPMENT: BIOCHEM., CHEM., ENV. SCI.	740	REFRIGERATION EQUIPMENT & ACCESSORIES
490	LABORATORY EQUIPMENT: NUCLEAR, OPTICAL, PHYSICAL	975	RENTAL, LEASE OF EQUIP. - AG., AIR., AUTO.
505	LAUNDRY & DRY CLEANING COMPOUNDS AND SUPPLIES	977	RENTAL, LEASE OF EQUIP. - APPLIANCES, FILM, FURN.
500	LAUNDRY & DRY CLEANING EQUIPMENT	985	RENTAL, LEASE OF EQUIP. - OFFICE, PHOTO, PRINT, TV
954	LAUNDRY & DRY CLEANING SERVICES	979	RENTAL, LEASE OF EQUIP. - ENG. LAB., REFRIG.
510	LAUNDRY TEXTILES & SUPPLIES	981	RENTAL, LEASE OF EQUIP. - GENERAL EQUIPMENT
515	LAWN MAINTENANCE EQUIPMENT, ACCESSORIES (NON-AG)	983	RENTAL, LEASE OF EQUIP. - JANITORIAL, LAUNDRY
520	LEATHER & RELATED EQUIPMENT, PRODUCTS, ACCESS.	765	ROAD & HIGHWAY EQUIP. (EXCEPT ASPHALT, CONCRETE)
525	LIBRARY & ARCHIVAL EQUIPMENT, & SUPPLIES	755	ROAD & HIGHWAY EQUIP. ASPHALT AND CONCRETE
956	LIBRARY SERVICES	760	ROAD & HIGHWAY EQUIPMENT, EARTH HANDLING
530	LUGGAGE, BRIEF CASES, PURSES & RELATED ITEMS	988	ROADSIDE, GROUNDS, & PARK AREA SERVICES
540	LUMBER & RELATED PRODUCTS	770	ROOFING (EXCEPT WOOD - SEE CLASS 540)
550	MARKERS, PLAQUES, SIGNS, & TRAFFIC CONTROL DEVICES	775	SALT (SODIUM CHLORIDE) (SEE CLASS 393 FOR TABLE SALT)
555	MARKING & STENCILING DEVICES	780	SCALES & WEIGHING APPARATUS (175-08 LAB. BALANCE)
557	MASS TRANSIT, BUS ACCESSORIES	785	SCHOOL EQUIPMENT & SUPPLIES
556	MASS TRANSIT, BUSES	990	SECURITY, FIRE, SAFETY, & EMERGENCY SERVICES
559	MASS TRANSIT, RAIL VEHICLE ACCESSORIES & PARTS	790	SEED, SOD, SOIL, & INOCULANTS
558	MASS TRANSIT, RAIL VEHICLES	795	SEWING ROOM & TEXTILE MACHINERY, & ACCESSORIES
560	MATERIAL HANDLING EQUIPMENT	800	SHOES & BOOTS
565	MATTRESS MANUFACTURING MACHINERY & SUPPLIES	803	SOUND SYSTEMS, COMPONENTS, ACCESSORIES: I-COM, PA
570	METALS: BARS, PLATES, RODS, SHEETS, STRIPS, ETC.,	805	SPORTING & ATHLETIC GOODS
575	MICROFICHE & MICROFILM EQUIP., ACC., & SUPPLIES	810	SPRAYING EQUIP. (EXCEPT HOUSEHOLD, NURSERY, PAINT)
578	MISCELLANEOUS PRODUCTS	815	STEAM & HOT WATER FITTINGS, ACCESSORIES, & SUPPLIES
962	MISCELLANEOUS SERVICES	820	STEAM BOILERS, STEAM HEATING, & POWER PLANT EQUIP.
580	MUSICAL INSTRUMENTS, ACCESSORIES, & SUPPLIES	825	STOCKMEN EQUIPMENT & SUPPLIES
590	NOTIONS, SEWING ACCESSORIES & SUPPLIES	998	SURPLUS SALES
595	NURSERY STOCK, EQUIPMENT, & SUPPLIES	830	TANKS: MOBILE, PORTABLE, STATIONARY
600	OFFICE MACHINES	832	TAPE (NOT DP, MEASURING, OPTICAL, SEWING, SOUND)
605	OFFICE MECHANICAL AIDS & SMALL MACHINES	840	TELEVISION EQUIPMENT & ACCESSORIES
615	OFFICE SUPPLIES, GENERAL	845	TESTING APPARATUS & INSTRUMENTS (NOT ELECT.)
610	OFFICE SUPPLIES: CARBON PAPER & RIBBONS, ALL TYPES	850	TEXTILES, FIBERS, HOUSEHOLD LINENS, & PIECE GOODS
620	OFFICE SUPPLIES: ERASERS, INKS, LEADS, PENS, PENCILS	855	THEATRICAL EQUIPMENT & SUPPLIES
625	OPTICAL EQUIPMENT, ACCESSORIES, & SUPPLIES	860	TICKETS, COUPON BOOKS, SALES BOOKS, SCRIPT BOOKS
630	PAINT, PROTECTIVE COATINGS, VARNISH, WALLPAPER, ETC.	893	TIRES & TUBES
635	PAINTING EQUIPMENT & ACCESSORIES	445	TOOLS, HAND (POWERED & NON-POWERED)
645	PAPER (FOR OFFICE & PRINT SHOP USE)	864	TRAIN CONTROLS, ELECTRONIC
640	PAPER & PLASTIC PRODUCTS, DISPOSABLE	865	TWINE
650	PARK, PLAYGROUND, & SWIMMING POOL EQUIPMENT	870	VENETIAN BLINDS, AWNINGS, & SHADES
964	PERSONNEL, TEMP. (EMPLOYMENT AGENCY SERVICES)	875	VETERINARY EQUIPMENT & SUPPLIES
655	PHOTO. EQUIP. (NO GRAPH. ARTS, MICRO, X-RAY)	880	VISUAL EDUCATION EQUIPMENT
660	PIPES, TOBACCOS, & SMOKING ACCESSORIES	890	WATER SUPPLY & SEWAGE EQUIP. (NOT AC, LAB.)
665	PLASTICS, RESINS, FIBERGLASS	885	WATER TREATING CHEMICALS
670	PLUMBING EQUIPMENT, FIXTURES, & SUPPLIES	895	WELDING EQUIPMENT & SUPPLIES
675	POISONS, AGRICULTURAL & INDUSTRIAL	898	X-RAY & OTHER RADIOLOGICAL EQUIP. & SUPPLIES
680	POLICE EQUIPMENT & SUPPLIES		
685	POULTRY EQUIPMENT & SUPPLIES		
700	PRINTING PLANT EQUIPMENT & SUPPLIES (EXCEPT PAPERS)		
705	PRINTING PREPARATIONS: ETCHING, MATS, NEGS., PLATES		
966	PRINTING, PUBLISHING, SILK SCREENING, TYPESETTING		
961	PROFESSIONAL SERVICES		
710	PROSTHETIC DEVICES: HEARING AIDS, AUDITORY, ETC.		
968	PUBLIC WORKS, CONSTRUCTION SERVICES		

Exhibit K

Agreement Addendum

AGREEMENT ADDENDUM

In the event of conflict between this addendum and the agreement, this addendum shall control:

1. **ARBITRATION** - Any references to arbitration contained in the agreement are hereby deleted. Disputes arising out of the agreement shall be presented to the West Virginia Court of Claims.
2. **HOLD HARMLESS** - Any clause requiring the Agency to indemnify or hold harmless any party is hereby deleted in its entirety.
3. **GOVERNING LAW** - The agreement shall be governed by the laws of the State of West Virginia. This provision replaces any references to any other State's governing law.
4. **TAXES** - Provisions in the agreement requiring the Agency to pay taxes are deleted. As a State entity, the Agency is exempt from Federal, State, and local taxes and will not pay taxes for any Vendor including individuals, nor will the Agency file any tax returns or reports on behalf of Vendor or any other party.
5. **PAYMENT** - Any references to prepayment are deleted. Payment will be in arrears.
6. **INTEREST** - Should the agreement include a provision for interest on late payments, the Agency agrees to pay the maximum legal rate under West Virginia law. All other references to interest or late charges are deleted.
7. **RECoupMENT** - Any language in the agreement waiving the Agency's right to set-off, counterclaim, recoupment, or other defense is hereby deleted.
8. **FISCAL YEAR FUNDING** - Service performed under the agreement may be continued in succeeding fiscal years for the term of the agreement, contingent upon funds being appropriated by the Legislature or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service, the agreement shall terminate without penalty on June 30. After that date, the agreement becomes of no effect and is null and void. However, the Agency agrees to use its best efforts to have the amounts contemplated under the agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.
9. **STATUTE OF LIMITATION** - Any clauses limiting the time in which the Agency may bring suit against the Vendor, lessor, individual, or any other party are deleted.
10. **SIMILAR SERVICES** - Any provisions limiting the Agency's right to obtain similar services or equipment in the event of default or non-funding during the term of the agreement are hereby deleted.
11. **ATTORNEY FEES** - The Agency recognizes an obligation to pay attorney's fees or costs only when assessed by a court of competent jurisdiction. Any other provision is invalid and considered null and void.
12. **ASSIGNMENT** - Notwithstanding any clause to the contrary, the Agency reserves the right to assign the agreement to another State of West Virginia agency, board or commission upon thirty (30) days written notice to the Vendor and Vendor shall obtain the written consent of Agency prior to assigning the agreement.
13. **LIMITATION OF LIABILITY** - The Agency, as a State entity, cannot agree to assume the potential liability of a Vendor. Accordingly, any provision limiting the Vendor's liability for direct damages or limiting the Vendor's liability under a warranty to a certain dollar amount or to the amount of the agreement is hereby deleted. In addition, any limitation is null and void to the extent that it precludes any action for injury to persons or for damages to personal property.
14. **RIGHT TO TERMINATE** - Agency shall have the right to terminate the agreement upon thirty (30) days written notice to Vendor.
15. **TERMINATION CHARGES** - Any provision requiring the Agency to pay a fixed amount or liquidated damages upon termination of the agreement is hereby deleted. The Agency may only agree to reimburse a Vendor for actual costs incurred or losses sustained during the current fiscal year due to wrongful termination by the Agency prior to the end of any current agreement term.
16. **RENEWAL** - Any reference to automatic renewal is hereby deleted. The agreement may be renewed only upon mutual written agreement of the parties.
17. **INSURANCE** - Any provision requiring the Agency to insure equipment or property of any kind and name the Vendor as beneficiary or as an additional insured is hereby deleted.
18. **RIGHT TO NOTICE** - Any provision for repossession of equipment without notice is hereby deleted. However, the Agency does recognize a right of repossession with notice.
19. **ACCELERATION** - Any reference to acceleration of payments in the event of default or non-funding is hereby deleted.
20. **AMENDMENTS** - All amendments, modifications, alterations or changes to the agreement shall be in writing and signed by both parties. No amendment, modification, alteration or change may be made to this addendum without the express written approval of the Purchasing Division and the Attorney General.

ACCEPTED BY: STATE OF WEST VIRGINIA VENDOR

Spending Unit:	Company:
Signed:	Signed:
Title:	FEIN:
Date:	Date:

Exhibit L

Specimen Agreement

AGREEMENT

This Agreement is entered into to be effective the 1st day of January 2003, by and between the West Virginia Public Employees Insurance Agency (hereinafter "PEIA") and Vendor Life and Accident Company (hereinafter "Vendor").

Whereas, on or around July 1, 2002 the PEIA issued a Request for Proposals ("RFP") seeking to contract with a competent life insurance carrier to offer term life insurance to PEIA insureds; and,

Whereas, Vendor was selected as the successful bidder to supply such life insurance; and,

Whereas, the PEIA and Vendor wish to enter into an Agreement whereby Vendor will offer term life insurance to eligible PEIA members subject to the terms and conditions as agreed to by the PEIA and Vendor;

Now, therefore, for good and valuable consideration and the mutual covenants contained herein, the PEIA and Vendor agree as follows:

1. Vendor shall offer and provide term life insurance to eligible PEIA members pursuant to the terms and conditions of the PEIA Life Insurance Benefits Booklet, a copy of which is attached hereto as Appendix "A" and is incorporated into and made a part of this Agreement.

2. The Policyholder Application, which is attached hereto as Appendix "B," in addition to the enrollment forms of PEIA members, the RFP and all of Vendor's written responses to the RFP, shall all be incorporated into and made a part of this Agreement.

3. The PEIA will collect all premiums due and shall pay monthly premiums to Vendor within thirty-one (31) days for Basic Life and Basic AD&D and within sixty-one (61) days for all other coverages, all without interest.

4. (a) All rates for Basic Life Insurance and Basic Accidental Death and Dismemberment Insurance as set forth in Appendix "C" shall be in force for the full term of the Agreement. All rates for Optional Life Insurance, Optional Accidental Death and Dismemberment Insurance and Dependent Life Insurance as set forth in Appendix "C" shall remain in effect through December 31, 2005, at which time the parties shall negotiate any changes to these rates.

Exhibit L

Specimen Agreement

(b) The PEIA/Vendor Agreement is “participating” as outlined in Appendix D of the Agreement. PEIA shall have the right to receive cash dividends to the extent that a positive cash position remains after subtracting from the premiums collected incurred claims, contingency charge, allowable expenses (administration, retention, etc.) Allowable expenses shall be limited to costs directly attributed to PEIA such as printing, travel and postage. To the extent that a final year sum of allowable expenses and incurred claims exceed premiums collected during a period, a deficit operating result is said to have occurred. Due to the “participating” nature of the PEIA/Vendor Agreement, this deficit is not the obligation of PEIA except to the extent of any cash dividends received.

The PEIA Basic and Supplemental life plans are to be accounted for separately in all regards. The deficit and/or surplus of either plan are considered independent of one another in consideration of deficit obligation or surplus.

The contingency charge and allowable profit may not exceed 2% of premiums received. This amount is to be allowed in addition to any interest Vendor may earn on collected PEIA premium revenue.

5. The parties shall agree, in writing, on a standard set of reports that Vendor will provide to the PEIA, which shall include, but not be limited to, the following:

(a) A quarterly report of the PEIA premium stabilization fund detailing interest earned and final balance.

(b) An Experience Rating which shall include:

(1) An expanded explanation of line item “Insurance Company Charge for Other Taxes, Expenses and Contingencies” which details the specific amounts;

(2) Itemization of expenses charged to the PEIA risk pool such as direct costs of printing, postage, etc. (Indirect costs such as rent, utility, personal services (general overhead) are not to be charged to PEIA.)

(3) A notation of the surplus amount which is a potential obligation in the event of a deficit position.

6. The term of this Agreement shall be from January 1, 2003 to December 31, 2006. The term may be extended by written amendment on such terms and conditions as agreed to by the parties.

Exhibit L

Specimen Agreement

7. Unless required by federal, state or local law, Vendor agrees that it shall not during either the initial or any extended term of this Agreement, or at any time after the expiration or earlier termination of this Agreement, disclose to any person, association of persons, corporation or government, any PEIA-owned data or information concerning the business or affairs of the PEIA or its members which Vendor or any of its employees may have acquired in the course of or incidental to the performance of this Agreement, without the prior written consent of the PEIA, or its members, as applicable.

8. Pursuant to Article 10, Section 4 of the West Virginia Constitution, the state of West Virginia or its subdivisions may not enter into any contract or agreement which would obligate the State beyond the current fiscal year. Therefore, goods to be delivered and/or services to be performed under this Agreement are to be continued in succeeding fiscal years for the term of this Agreement, contingent upon funds being appropriated by the Legislature for such goods and/or services. In the event of non-appropriation of funds for the goods and/or services, the payments, including any interest, and the services hereunder, shall be canceled in whole without penalty to the PEIA at the end of the then current fiscal year, with the Agreement becoming null and void after June 30th of such year. The PEIA will make reasonable efforts to obtain the necessary funds to avoid cancellation of this Agreement, and will make all reasonable efforts to provide written notice to Vendor in the event of non-appropriation forty-five (45) days prior to the end of the fiscal year in which such non-appropriation for the next fiscal year occurs.

9. This Agreement is subject to modification to conform or comply with any state or federal law or regulation enacted during the term of the Agreement. In such circumstances, the PEIA shall notify Vendor as provided for in Paragraph 11 of this Agreement, identifying the law or regulation, the section(s) of the Agreement affected, and any proposed modifications that it maintains would be necessary to come into compliance. Within thirty (30) days of receipt of the notice to Vendor, the parties shall meet in order to attempt to agree on the necessary Agreement modifications. If the enacted law or regulation requires that a modification be made prior to this thirty (30) day period, a shorter period may be designated by the PEIA. If the parties are unable to agree on the modifications, the matter shall be submitted for dispute resolution in accordance with Paragraph 10 of this Agreement. Nothing in this section shall be construed to require either the PEIA or Vendor to violate any applicable law or regulation, and if the parties are unable to agree to the modifications prior to the effective date of the law or regulation, that portion of the Agreement affected shall be severed and the parties shall continue to attempt to resolve their differences.

10. If a dispute arises out of this Agreement, or any modifications made to the Agreement, the performance of either party, or for any reason that effects the business relationship of the parties, the parties agree to meet and attempt to resolve the dispute by negotiations. The parties agree to make a good faith attempt to negotiate the dispute prior to litigation. This section shall not prevent a party from terminating the Agreement for the failure of the other party to cure a breach of a material duty pursuant to Paragraph 16 (d) herein.

Exhibit L

Specimen Agreement

11. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be either hand-delivered or deposited in the United States mail, by registered or certified mail, return receipt requested, addressed as follows:

Director	John Doe
Public Employees Insurance Agency	Vendor
Building 5, Room 1001	
1900 Kanawha Boulevard, East	
Charleston, West Virginia 25305-0710	

Notice shall be effective upon receipt. Either party may change the address to which notices are to be delivered by giving written notice to the other party as provided in this section.

12. No delay or failure of either party to exercise any right hereunder and no partial or single exercise thereof shall be deemed of itself to constitute a waiver of such right or any other rights hereunder.

13. The PEIA and Vendor enter into this Agreement as independent contractors. Nothing in this Agreement or otherwise is intended to create or shall be deemed or construed to create any other relationship between the parties, including one of employment, agency, partnership, or joint venture.

14. No person or entity is intended to be or shall be construed or deemed to be a third party beneficiary of this Agreement.

15. If any section, portion of a section, or provision in this Agreement is determined to be invalid, illegal, or unenforceable by any court or any state or federal board or agency responsible for regulating matters or areas addressed in this Agreement said section, portion of a section, or provision shall be severed from this Agreement and the remaining portions of the Agreement shall remain in full force and effect and be binding on the parties, unless such action would make it impossible for either party to comply with or fulfill their obligations under the then existing Agreement or render the Agreement meaningless. Any dispute as to modifications to the Agreement, shall be resolved in accordance with Paragraph 10 herein.

16. This Agreement may terminate upon any of the following events:

- a. Expiration of the term of the Agreement or any written extension to the term.
- b. Nonappropriation of funds by the West Virginia Legislature, in accordance with Paragraph 8 of this Agreement;

Exhibit L

Specimen Agreement

- c. Any date mutually agreed upon by the PEIA and Vendor in writing; or
- d. Failure of either party to cure a breach of a material duty required by this Agreement. Should either party fail to perform, in whole or in part, any material duty or obligation required by this Agreement, the aggrieved party may give written notice describing the breach, identifying the section of this Agreement that is applicable, and demanding that the offending party comply with the Agreement. The offending party shall have thirty (30) days from receipt of the notice to cure the breach and to notify the other party, in writing, of its actions. If the offending party fails to cure the breach, and the parties have not entered into a separate agreement as to the actions required by the offending party, the aggrieved party may terminate this Agreement by giving a sixty (60) day written notice of intent to terminate.

17. Vendor will indemnify and hold harmless the State of West Virginia and the PEIA, its directors, officers, agents and employees, from any and all claims arising from any negligent or intentional act, error or omission in the provision of services by Vendor. As a condition to the foregoing indemnity obligations under this Paragraph, PEIA shall provide Vendor with prompt notice of any claim for which indemnification may be sought hereunder and shall cooperate with Vendor in connection with the defense of any such claim. Vendor has the right to compromise or settle any such claims as it, in its sole discretion, determines.

18. Vendor shall maintain during the term of this Agreement, general and professional liability insurance in the amount of at least \$1,000,000 per occurrence.

19. The validity, interpretation and performance of the provisions of this Agreement between the PEIA and Vendor shall be governed by the laws of the State of West Virginia.

This Agreement, entered into in duplicate originals, represents the full and complete understanding of the parties, and shall be binding upon the parties and their successors.

West Virginia Public Employees Insurance Agency

Date

By: _____

Vendor

Date

By: _____